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S. KOREA/ECONOMY

REPORTER TRACES FINANCIAL, PERSONAL LINKS AMONG ROK 'ZAIBATSU'

Seoul SIN TONGA in Korean May 1979 pp 102-129

[Article by Pak Pyong-yun, Deputy Chief, Department One, News Gathering, SEOUL KYONGJE SINMUN]

[Text] Our country's zaibatsu, going beyond the horizontal, vertical form of monopoly, are forming self-sufficient monopoly capital encompassing finance-trade-production.

Prophet of Gloom

At a time when the capitalist economy was peaking, that is, the middle of the 19th century, Karl Marx, the heretic of the day in the academic world of economics, was attracting attention by his pet theory on the inevitable doom of the capitalist economic system. Marx held that in the capitalist society, as accumulation of capital and productive forces developed, the imbalance between production branches would grow and panics would deepen on account of the social character and private ownership of the means of production and that as a result, the workers would be even more impoverished both absolutely and relatively.

To elaborate further: Capitalist production is anarchic production aimed at a nonspecific majority, and for this reason, there is no guarantee that there will always be a balance between production branches. Also, as capitalist production pursues profits through competition, the capitalist comes to intensify the organic structure of his capital as a means of strengthening his competitiveness, and big enterprises will grow even bigger while small enterprises are eliminated by the law of the jungle. As a result, even as the amount of his profit grows, its percentage will shrink. So in an effort to compensate for the shrinkage in the percentage of his profit by increasing the amount of profit, the capitalist intensifies the accumulation of his capital. On the other hand, as the organic structure of capital is intensified and production processes are mechanized, there will be a surplus, relatively speaking, of workers and the industrial reserves (the unemployed) will increase in number. Even as production is socialized in this manner and productive forces grow, the market will be

anarchic and there will be no balancing of industrial development on account of private ownership of the means of production. In addition, as the absolute and relative purchasing power of the working class decreases, it becomes impossible to find an effective demand for the increased production of commodities, inevitably followed by cyclic panic. Business boom does no more than temporarily restore the balance necessary for the capitalist reproduction process, and the imbalance grows along with the accumulation of capital, bringing about even greater panics. As such cyclic panics are repeated, their severity grows worse, thus preparing the objective and material grounds for the disintegration of the economic structure of capitalism. In the process, the army of workers which inevitably increases in number in step with the economic development of capitalism, will come to be awakened in terms of class, and united, will come to rise in revolt against the capitalists. To use a contemporary expression, the rich will get richer and the poor will get poorer. As this phenomenon comes to pass, the propertyless class (the so-called proletariat), the majority, will raise the standard of revolt against the properties class (that is, the bourgeoisie), the minority, and capitalism will collapse.

But against the gloomy prophecy of Marx the capitalist economy is enjoying an unprecedented boom today, having blossomed into a material civilization without parallel in the history of mankind. What has made this possible is the sagacity with which the capitalist economy has dealt with its inherent contradictions. On the one hand, through antimonopoly provisions, it applied the brakes on itself and prevented itself from becoming monopoly capitalism and on the other, adroitly employing investment and financing policies, it sagaciously coped with boom-and-bust problems and has come to enjoy its secure growth, preventing panics. Moreover, through redistribution policies such as the income policy, the taxation policy, and the social welfare system, the capitalist countries have straightened out the imbalance of distribution; and for their part, the working people, organizing powerful labor unions, have cast off the domination of the capitalists and realized the balancing of distribution, ultimately coming to seek ways of coexistence with the capitalists. Today the capitalist society in Western Europe has equalized distribution no less than the socialist society in Eastern Europe. as a matter of fact to such an extent that Eastern European countries are envious of the high standard of living in Western Europe.

In No More Than 30 Years

It is already some 30 years since the capitalist system was transplanted in our economy. In step with the awesome growth rate, the accumulation and concentration of capital and the absolutization of zaibatsu are being brought about. Especially since 1962 when the first economic development plan was put into effect, our economy has been achieving brilliant growth. We have registered the high annual growth rate of 10 percent for the last 20 years or so. As the national economy grows so fast every day, enterprises which form the nucleus of the economy, repeat the endless process of cell division and merger. Previously unknown industries are developed

and they gradually subdivide into larger scales. Business competition in fast changing times goes on fiercely and briskly at a dizzying speed, and the territories of the world constantly undergo changes.

Success or failure in business depends on the businessman's sense of direction in which the wind of the times blows. There is a remarkable difference between running being pushed by the tail wind and running against the head wind. The direction in which the wind blows changes according to the times. This wind of the times began blowing in the days of enemy properties. He who nimbly seized the innumerable enemy properties left behind by Japanese imperialism was the first to ride the wind. Then, following the land reform and the June 25 [war] commercial capital began appearing on the scene. The appearance of commercial capital changed the concept of wealth, and instead of mansok-kkun [man with land enough to produce a 10,000-sok crop], the Macao trader [comprador] personified wealth. But few of the Macao traders who used to thrive in the postliberation Seoul and in the port city of Pusan, temporary seat of the government, are seen today in the zaibatsu community. They had missed the current of the times.

Then came the extraordinary ICA boom. The United States poured enormous dollars into the Korean Peninsula for postwar rehabilitation. At the time, the official exchange rate for the dollar was less than half the unofficial market rate. Getting the ICA fund was as good as striking a rich vein of gold. This was the beginning of so-called industrial capital. Only he who was smart enough to switch from commercial capital to industrial capital at the time has been able to enjoy prosperity subsequently. Most of the big businesses today are those which laid their foundations at that time. Samsung, Lucky, Kum Sung (now Ssangyong), and Samho all started running along the money-making road at that time. Samsung began with sugar manufacturing and wool mill; Lucky, toothpaste and vinyl plant; Kum Sung and Samho, textile mills. Later in the last days of the Liberal Party, the introduction of foreign loans began attracting attention. Tong Yang Cement was the first to get a foreign loan.

Following the chaos of the Democratic Party administration, the stagnation of the military government, and transfer to the civilian government leading to the implementation of the 5-year plan, the business world entered a golden era unprecedented in Korean history. In the so-called foreign loan boom, the acquisition of a foreign loan was a special admission ticket to the arena of the boom. This foreign loan boom once again changed the rankings of enterprises.

Thus amid the current of the times the face and genealogy of the financial world changed. The realm of industry was widened limitlessly and the systematization of zaibatsu, that is, their enrichment, was made possible. This reflected the change in the main stream of wealth from land capital in the form of mansok-kkun to its modernization in the form of zaibatsu. The process of this change is ceaselessly taking place at this very moment.

In place of the light industry consisting of textiles, flour mills, plywoods, and wigs, the heavy and chemical industries consisting of machines, automobiles, petrochemicals, and electronics began riding the wind of the times. The construction industry came into the limelight of the Mideast boom, and general commercial corporations entered the stage as the vanguard of export promotion. Most of the major industries have now reached the final stage in carving out their territories. It is a time when Korea's industry is about to leap forward as worldwide industry.

The First Industrial Capital

In our country, it seems that the beginning of industrial capital would have to be traced to the fiber industry. Since the formation of Kyungbang, Ltd., cotton spinning became the leading native industry of our country. Sam Yang Co., Ltd., Ssangyong Corporation, Pang-rim Spinning Co., Ltd., Chonbang Co., Ltd., Taihan Textile Co., Ltd. and Samho (now defunct) laid their foundations for the cotton spinning industry. Then followed the wool and synthetic fiber industries. In this sense, the fiber industry is claimed to be where industrial capital made its beginning. The fiber industry gave birth to many businessmen, many zaibatsu. The nylon boom gave birth to the Hyosung and Kolon groups; Sunkyong, Ltd. and Sam Yang Co., Ltd. struck their roots for polyester, Hanil Synthetic Fiber Ind. Co. and Tai Kwang Ind. Co., Ltd. for acrylics, and the Samsung group for woolen textiles. As the export drive was stepped up in the 1960's, the garment industry was in the limelight. This business had double advantages: Increasing exports by processing high-class raw materials imported from advanced countries, and enjoying the extraordinary benefit of diverting the raw materials to the domestic market whenever the opportunity presented itself. Thus practically all of the ranking zaibatsu got into the garment business, and the rankings in this business practically equaled the rankings in export business and ultimately in the financial world. Today, the garment manufacturers, thanks to their fiber quotas, are doing a profitable business without working at it. Moreover, as the government is strictly restricting any new or additional construction for the fiber industry purportedly to keep the fiber industry from going under, its monopolistic system has been consolidated. The fiber industry, sitting pretty, is pursuing an extra-fiber strategy.

Now, to take a look at the territories of the fiber industry:

Choong Nam Spinning and Dainong head the list of 17 enterprises in the industry, among them being Pang-rim Spinning, Chonbang Co., Taihan Textile, Kyungbang, Dong-il Textile, ICC Corporation, Tae Wha, Dong Kook Ind., and P'unghan Ind. Newcomers to the industry are Samhwa, Hanil Synthetic, Tai Kwang Ind., which are makers of footwear and acrylics.

One company that cannot be left out when discussing cotton spinning is Choong Nam Spinning. Cotton spinning is an industry generally believed to

be in the decline but Mr Yi Chong-song has made a success of his bold investment in the industry. In 1974 when the industry was at its nadir, he boldly set up a 130,000-spindle mill at Yesan at a profit; and in 1977, when other corporations returned to the government their permits for a maximum installation of 307,000 spindles, because of poor prospects for the business, he took up 250,000 spindles and set up a mill at Taedok, South Ch'ungch'ong Province. This venture made a hit, and he became the strongest power in the industry. Thus Choong Nam Spinning became the largest company in the industry, with a total of 530,000 spindles, followed by Dainong with 480,000 spindles. Always taking the lead in negotiations with the government and realizing the industry's wishes, Mr Yi Chong-song is acknowledged as the supreme leader of the industry. It would be no exaggeration indeed to say that the industry owes it to Mr Yi that it has been able to come through unscathed although for the last 7 or 8 years its competition has been restricted under what is known as a direct quota delivery system.

Korea Nylon (Kolon), Hanil Nylon, and Tong Yang Nylon (Cho Hong-che), a spin-off from Samsung, used to wage a three-sided war in the nylon industry. Tong Yang Nylon absorbed Hanil Nylon in a merger, but Korea Hapsun came into the business, and the nylon industry still remains a 3-company business. The polyester business used to be led by Sunkyoung Fibers and Sam Yang, but Tongyang Polyester (Kolon), Daehan Synthetic Fiber (a subsidiary of Tae Kwang Ind.), and Cheil Synthetic Textiles have jumped into the manufacture of (fiber?) or filament.

It is also in the acrylic sector of the fiber industry where the monopolistic intensity is highest. The longstanding monopoly of Hanil and Tai Kwang is still enjoying a boom, their monopoly unshaken by any challenge.

Active in the garment industry are zaibatsu-class corporations such as Daewoo Ind. (fiber-making machines, 5,322), Samdo Trading Co. (2,750), Hyup Jin Enterprise (1,330), Samsung Co., Ltd. (1,212), Bando Sangsa (1,094), and Sunkyoung, Samhwa, ICC, Hyosung Corporation, Kumho & Co., Inc., Hanchang Textile Ind. and Shu Kwang Ind. Co. One interesting thing in this connection is the backgrounds of the businessmen concerned. The cotton spinning industry, excessively conservative as it is, still has the same old faces as 30 years ago, but those businessmen in the synthetic fiber industry or the garment industry, are actively expanding their territories, jumping into new or promising industries. Most of those currently active in the zaibatsu were born of the synthetic fiber and garment industries.

Leading Players in the Light Industry

Among the businesses falling under the light industry category, in addition to fiber, there are lumber, paper manufacturing, footwear, leather goods, ceramics, oiled paper, pharmaceuticals, foodstuffs, and alcoholic beverages.

The lumber business, which thrived riding the crest of the rehabilitation boom in the 1950's and the export boom in the 1960's, has met its inevitable

decline in the 1970's and is now barely surviving, content to maintain the status quo. Sammisa Co., Ltd., which had made its money from the lumber business, took over the Saenara Motors in the early 1960's under the government policy for unifying the automobile business and at one time, it looked as if the company would become the king of the automobile industry. But its dream was shattered, caught up in the political acrobatics played by a new group of businessmen. The Sammisa group (Kim Tu-sik), advancing into the special steel business in the 1970's, has built a framework for a new start. Chunusa Co., Ltd. (Chon T'aek-po) with Taesung Lumber under its wing, and Tong Myung Timber (Kang Sok-chin), riding the crest of the plywood export boom in the 1960's, competed for the leading position in the industry. Meanwhile, the Sung Chang group (Chong T'ae-song), with the four plywood companies of Sung Chang Enterprise, Tae Chang Wood, Bando Lumber, and Sun Chang Industrial Co. as its backbone, has grown into a zaibatsu with 10 companies under its wing. Korea Plywood Mfg. Co. (Ko P'an-nam) has also grown big enough to rank as a zaibatsu, and Dong Wha Enterprise (Sung Sang-pae), even though it has since gone bankrupt, was a rich company.

Toward the end of the 1960's the plywood boom began to fade with every indication of its ultimate decline and fall but in the latter half of the 1970's its potential export power still remained strong and the lumber business has begun paying its attention afresh to the plywood business. It is precisely for this reason that Hyosung has recently taken over Taesung Lumber, and Sunkyung (Dae Kyo Sanup) and the Doosan group (Yigon Sanop) have jumped into the plywood business.

If the lumber business has grown as an export-oriented industry, paper manufacturing has grown as a domestic-oriented industry. At present the paper-manufacturing industry is flooded with some 30 makers but the leadership is held in the hands of large zaibatsu corporations. Newsprint is supplied by Chonju Paper Mfg. of the Samsung group and Sedae Paper Mfg. of the Korea Plywood group; printing paper, by Hankuk Paper Mfg. (of the Keyang Mercantile group), Kyesong Paper Mfg., Moorim Paper Mfg., and Nam Han Paper Mfg. (of Il Shin group); kraft paper, by Ssangyong Paper Co. (of the Ssangyong group) and Dae Won Paper Mill; cardboard, by Dae Han Pulp Ind., Samyang Pulp, Shin Poong Paper Mfg., Tongyang Paper Mfg., Onyang Paper Mfg., Dae Han Paper Board, and Export Packing Center; and as for facial and bathroom tissues, Yuhan-Kimberly holds the absolute supremacy.

The wig business was spotlighted as an export industry in the 1960's along with plywood, and the industry looked as if it would make Seoul T'ongsang (now STC, Inc.), YH Industrial Co., and Danna International, Ltd. rich overnight but, caught up in the dumping offensives mounted by the zaibatsu, the boom was short-lived.

From the Nandaemun Market

The footwear business cannot be left out in commenting on today's financial world of Korea. Up to the first half of the 1960's the footwear business was regarded as no more than the rubber shoe business in the Nandaemun Market but it grew into a zaibatsu in no time, riding the crest of the boom of export business and domestic market in the middle of the 1960's.

ICC (Yang Chung-mo), and Samhwa (Kim Yong-kye) of the General Mercantile group, which are competing for the 5th ranking in the world of zaibatsu, and Tae Hwa (Kim Yun-ki), Chin Yang Chemical (Yang Kyu-mo), and Tong Yang Rubber Enterprise (Hyon Sung-hun) have all emerged as zaibatsu from this boom. Only Kyungsung Rubber (Yi Yong-il), the forerunning maker who was stalled in stagnation, was taken over by the Sunkyoung group as a subsidiary.

The tire business is one of the two pillars of the rubber industry, the other being the footwear business. Numerous small companies were in the tire business but as the leading companies of them were taken under zaibatsu wing, the business began growing fast. Among the companies taken under zaibatsu wing are Hankook Tire Mfg. (Chang Son-kon) of the Hyosung group, Kumho Tire (Pak San-ku) of the Kumho group, and Wonp'ung Sanop (Yi Sang-sun). Hankook, and Kumho, taking over Tongshin, began consolidating the tripartite system. The dramatic increase in overseas demands caused by the decline of the advanced countries in production and the exploding domestic demands brought on by the mica boom provided an even brighter tomorrow, and the greater zaibatsu such as Hyundai and Daewoo began rushing into the business.

The Hyundai group has formed Hyundai Tire, Ltd. and entered into agreements on technical cooperation with Britain's Dunlop and Italy's Pirelli and has signed long term export agreements. Having already completed the purchase of a factory site in Ulsan and recruited the key personnel, the group has submitted its business plan to the Ministry of Commerce and Industry.

As Hyundai's plan became known, existing companies have been putting up a do-or-die resistance to stop the plan but what is important at a time like this is a balance of power in the industry. If the existing companies are strong enough, they can stop the newcomer, but if the challenging power of the newcomer is stronger, then the line of resistance crumbles. Now, existing companies such as Kumho and Hankook are no match for Hyundai, the newcomer. If so, the decision of the Ministry of Commerce and Industry is as good as made, and Hyundai is as good as having received the license. It would appear that Hyundai itself believes this to be the case. (Early in April there was a sudden atmospheric change in the financial world and the Ministry of Commerce and Industry is counseling Hyundai and Daewoo to retreat. The situation is being closely watched.)

The pharmaceutical business is also one that cannot be ignored in the financial world of Korea. Even though it is in no position at present to flex its muscle in the onrush of the heavy and chemical industries, it nevertheless has the prestige of having led the Korean financial world in the 1950's and 1960's. With Dong-A Pharmaceutical (Kang Sin-ho), Chong Kun Dang Corp. (Yi Chong-kun), Dong Wha Pharmaceutical Ind. (Kim Hong-ki), and Han-Dok Remedia Ind. Co. (Kim Sin-kwon) taking the lead, pharmaceutical companies such as Il Yang Pharmac. Ind. Co., Kukje Pharmac. Ind. Co., Hanil Pharmac. Ind., Chungoe Pharmaceutical, Taeung Pharmaceutical, Korea Green Cross Corp. have been confident enough to go public, and are consolidating their bases in the industry today.

Now, there is one thing that characterizes the pharmaceutical industry and that is, neither has any one of the companies grown to a zaibatsu size nor has any one of them been swallowed by a zaibatsu. An interesting industry, indeed.

As against the pharmaceutical industry where native force prevails, companies in the cosmetics industry have either become zaibatsu or put themselves under the protective umbrella of zaibatsu. Pacific Chemical Ind. Co. (So Song-hwan), creator of the "Amore" brand, and Hankook Cosmetics Ind. Co. (Yim Kwang-chong) of the "Menthum," have the distinction as zaibatsu but "Peerless" became affiliated with Daewoo, and "Julia" with Jinro, Ltd., and "Lami" (?) with Dong-A Pharmaceutical, the leading pharmaceutical company.

It has been reported recently that the Il Shin Ind. group (Yi Sok-hun) has completed preparations for entering the cosmetics industry.

In addition, there are numerous companies in other areas of the light industry: in the leather business, Taejon Leather Ind. Co. (a Hyosung subsidiary), Koryo Leather Ind. Co. (a Daewoo subsidiary), International Bonded Processing Co., Cho Kwang Leather, Sam Yung Chemical, Dae Yang; in the interior wall and sanitary tiles business, Daelim Ceramic Co. (a Daelim Industrial Co. subsidiary), Hankuk Ceramic Co. (of the Sung Chang group), Chin Heung Ceramics (of Chin Heung Enterprise), Ilwha Ind., Taewang Hwasong [mosaic tile maker]; in the paint business, Korea Chemical (of Hyundai group), Kunsul Chemical, Sam Hwa Paint, Daihan Ink & Paint Mfg., Cho Kwang Paint; in the soap business, Lucky (toilet soap), Dongsan Fat & Oil, Aekyong Co., Mu Kung Hwa Fats & Oils Mfg. Co., Pyung Hwa Soap Mfg. Co.

The foodstuff industry has also registered a brilliant growth, thanks to the rising national income level which in turn has created a demand for high-class, diverse foodstuffs. The Korean people have the tendency to indulge in luxury food first as their income increases. Availing themselves of this trend, small neighborhood stores in the 1950's have grown into full-fledged zaibatsu in the 1970's.

Enter Foodstuff Zaibatsu

Flour and sugar from the beginning turned into gold powder. Samsung, establishing Cheil Sugar, paved the groundwork for the greater Samsung, and Sam Yang was helped in its comeback by Sam Yang Sugar. The Taehan Electric Wire group, too, was helped by Taihan Sugar in building its base. The flour business which, along with fiber and sugar businesses, represented Korean industry in the 1950's, became deflated as the surplus agricultural produce aid decreased. The Daehan Flour Mills group and the Sin Tonga group are about the only zaibatsu-class companies which are surviving to this day as flour mills. As against this, confectioneries and bakeries have achieved a brilliant growth. Hai Tai which started out as a confectionery has today grown into a foodstuff Konzern with a wide range of business from ice creams, various kinds of soft drinks, dairy products to alcoholic beverages; and Lotte (Sin Kyok-ho) whose main line of business used to be chewing gums and chocolate products, has grown into a comprehensive foodstuff concern dealing in various kinds of confectioneries, soft drinks, Ramen [Chinese noodles], and lactic acid beverages, and moreover, built right in the middle of Seoul the largest hotel in the country with more than 1,000 rooms, as if showing what a completely westernized hotel looks like. And, taking over Honam Ethylene and Honam Petroleum jointly with Daelim Ind., Lotte has ventured into the petrochemical business as well.

Orion Confectionery, switching its name to Tong Yang Confectionery, has helped the cash flow of the Tong Yang Cement group; and Samyang Foods, making a success of its Ramen business, has paved groundwork for making more money.

In the condiment business, Miwon which started with monosodium glutamate has transformed itself into a solid zaibatsu, having succeeded in chemical, construction, and machinery businesses; and Mip'ung, although feeling the overwhelming power of Miwon, has apparently not lost money either.

Before anyone knew, the foodstuff industry too has been brought under zaibatsu domination. Predominant in the confectionary business are Hai Tai, Lotte, Tong Yang, Crown; in the soft drink business, Lotte, Chil Song (affiliated with Lotte), Han Yang Food (affiliated with the OB group), Hai Tai, Bum Yang Food (Bum Yang Chonyongson), Dong-A Pharmaceutical (Oran C), Honam Food (of the Miwon group); in the fruit juice business, Hai Tai, Lotte, Chil Song, Korea General Foods (of Pyoksan group); in the dairy product business, Hai Tai Dairy, Dae Yle Dairy (affiliated with Korea Explosive), Seoul Dairy, Namyang Dairy, Korea Beef Dairy, Samju Dairy (affiliated with Pongmyong Mining). Competing over the ice cream business are Hai Tai, Dae Yle, Lotte, Sam-Lip Foods (Ho Ch'ang-son), Sam Kang Ind. (of the Lotte group); over the lactic acid beverages, Hanguk Yogurt (Yun K'wae-pyong), Hai Tai, Dae Yle, Namyang Dairy, Korea Beef Dairy, Sam Kang Ind.; over Ramen, Samyang Foods (Chon Chung-yun), Nhung Shim (of the Lotte

group); over the baby food business, Hai Tai, Samyang Foods, Seoul Dairy (Ch'oe Yong-kyu), Namyang Dairy (Hong Son-t'ae), Korea Beef Dairy (Kim Pok-ong). Prevailing over the bakery and pastry businesses are Sam-Lip Foods and Seoul Foods; over the edible oil business, Dong Bang Oil & Flour Mills (Sin Tok-kyun) and Chun Il Corn Products (affiliated with Wuonpoong Industrial; over the margarine and shortening business, Sam Kang Ind., Seoul Foods, Samyang Foods, Ottugi Food. There is no room at all for anyone but zaibatsu in the food industry.

The food business boom made zaibatsu increasingly move into stock farm management. As the government recommends stock breeding as part of its policy for the promotion of meat supply and dairy products, zaibatsu has become very enthusiastic about managing stock farms partly as capital investment. Currently managing stocks farms are Punghan Ind. (P'aldang Ranch), Samyang Foods (SAMYANG Livestock Co.), Hanil Cement Mfg. Co. (Hanil Agricultural Products Co.), the Doosan group (Doosan Development Co.), Plngmyong Mining (Samju Ranch), Kolon (Samgyong Ranch), the Hanjin Transportation group (Chedong Ranch), Chonbang Co. (Songup Ranch), Jinro (Shu Kwang Livestock Co.), Taehan Electric Wire (Insong Ranch), Nam Yeung Lace Co. (Nam Yeung Ranch).

The alcoholic beverage business has also achieved big growth despite ups and downs. The brand names of the two breweries which have been monopolizing the beer market ever since liberation, OB (of the Doosan group) and Crown, have become synonymous with the zaibatsu names. Jinro has made its wealth with soju or distilled liquor, and Baik Wha with ch'ongju or clear strained rice wine. Lately Baik Wha and Jinro have locked horns in a war for the domestic market for western liquors and Jinro has reportedly gotten hurt badly in the war. Anyway, the liquor business boom has been so good that seven or eight years ago a certain liquor businessman made himself a target of criticism by building a posh home for six hundred million won.

The Arrival of an Era of Heavy and Chemical Industries

Our industry, which used to consist of such light industry businesses as fiber, foodstuff, lumber, and footwear, underwent dramatic changes at the turn of the 1960's into the 1970's.

Korea's industry, its eye opened for modernization by the implementation of the economic development plan, negotiated in short order the initial phase in development and is now racing at a breathtaking pace toward the development of heavy and chemical industries, the final stage for industrialization, along the tracks built by the capitalist economy in the past 200 years. Essentially, economic development boils down to the development of circuitous production or intensification of the organic structure of capital. The industry which makes it possible to increase the degree of circuitous production and intensify the organic structure is one that produces the means of capital or production. Playing the leading role in such industry is none other than the heavy and chemical industries. That is why

developing countries which are awakened to economic development, are striving for industrialization and ultimately, for development of the heavy and chemical industries.

The changing conditions that were occurring at home and abroad at such a time fanned even more the desire for the development of heavy and chemical industries. Externally, there were pollution problems and rising wages, the movement of international capital and technology, and a brisk advance of multinational enterprises, and the late-starting industrial nations came upon an excellent opportunity to develop the heavy and chemical industries, quickly demolishing the theory of international division of industry (characterizing advanced countries for the heavy and chemical industries and developing countries for primary industry and light industry). Internally, the fourth Five-Year Plan, centered on the development of heavy and chemical industries, promised big aid in the development of the industries.

From the business point of view, too, the heavy and chemical industries were not only a leading player for high growth but also would satisfy the appetite of zaibatsu for expansion and enlargement of their territories. From about the mid-1970's the wish of the government to hasten economic growth and the earnest desire of the financial world to expand its business territories coincided finely, and the heavy and chemical industries began blossoming.

Caught up in the onrush of the heavy and chemical industries, the territories of the financial world changed greatly. The most unusual thing that happened by the early 1970's was the "separation of ownership from the founder of the business," not "separation of management from the owner" of existing heavy and chemical industrial corporations. Those who, looking to the far distant future, rushed into the heavy and chemical industries, fell by the wayside, too tired in the initial phase of the business to carry it on; and new faces who had consolidated their bases in the light industry, began taking over the territories of the heavy and chemical industries. Han Kook Machine Ind. (Daewoo Heavy Industries), Han Yung Industrial Co. (Hyosung Heavy Industries), Hankook Caprolactam (three nylon companies), Taehan Aluminum (of the Hyundai group), Sinjin Motors (Saehan Motors, of the Daewoo group), Asia Motors (Kia Ind.), Inchon Iron and Steel (of the Hyundai group), Union Steel Mfg. Co. (of the ICC group)--companies that used to represent the heavy and chemical industries of Korea in the 1960's--changed from their original founders to new masters; and newly developed heavy and chemical industrial projects were mostly taken over by existing zaibatsu which had made their money in consumer industries.

The Trouble-laden Iron Industry

The iron industry has been beset by trouble. In dealing with illicitly gained wealth, the revolutionary government told a few zaibatsu groups in 1962 to establish a combined ironworks by way of atonement. Under this order four groups--Taehan Cement (Yi Chong-rim), Taihan Textile (Sol Kyong-tong), Tong Yang Cement (Yi Yang-ku), and Kuktong Haeun [Far East Shipping]

(Namsung Yon)--established Hanguk Combined Ironworks, Limited, with an authorized capital of 4.05 billion won on 10 May 1962. But while Hanguk Combined Ironworks was engrossed in conducting preliminary negotiations for a potential loan credit line and its location, the government suddenly reversed its ironworks order. The reason given was that the fund raising from domestic sources was not going well.

Subsequently, the government embarked on establishing Pohang Iron and Steel Co., Ltd. with practically all of the funds derived from claims against Japan. The initial production plan of Pohang Iron and Steel called for an annual production of 1.3 million tons, ultimately looking forward to an annual production of 8.5 million tons after four expansion projects. By the time the initial project (for an annual production of 1.3 million tons) reached the completion stage, an ambitious group of businessmen with Mr So Chong-kwi, of Honam Oil Refinery Co. as the central force, put forward the plan for a second ironworks with an annual production capacity of 10 million tons. It was about that time too that the government had decided on the plan for a second combined ironworks. Unfortunately, Mr So Chong-kwi, the central figure for the second ironworks playing the role of a pulling locomotive, died and on top of that, there arose difficulties in terms of resources and the prospects for demand and supply became dark. In February 1975 the government reversed its second ironworks plan, on the ground that it was difficult to raise the necessary funds.

But the impact of the oil shock was unexpectedly short-lived. As the heavy and chemical industries were expedited in real earnest, the prospects for demands of iron and steel materials were turning favorable and so was the fund-raising situation. The favorable prospects for success of Pohang Iron and Steel gave an appropriate stimulus to the financial world. Everyone in the financial world, feeling it hardly necessary to sound out the intent of the government, began jumping into the business. The Hyundai group (Chong Chu-yong), which made big money riding the crest of the Mideast construction boom, boldly established Hyundai Combined Ironworks, Limited, formally declaring its intent as a second ironworks. At about the same time, Pohang Iron and Steel (Pak T'ae-chun), which had completed its second expansion project for an annual production of 2.5 million tons and was now carrying out the third expansion project for an annual production of 5 million tons, came out declaring that it would undertake the construction of a second ironworks. This confrontation between Pohang Iron and Steel and Hyundai, the two biggest powers of the Korean financial world, looked at first as if it would take a long time before either of the two emerged victorious, but the end came surprisingly quickly. It is in the scheme of things that in the fight between two strong powers, the one that is first hit in the vitals crumbles easily.

Realizing that its victory as a second ironworks was hopeless, Hyundai put forward its plan, on the ground of imbalance in the demand and supply of iron and steel materials, for the construction of a third ironworks with an annual production capacity of 10 million tons. But Pohang Iron and Steel,

keeping up its momentum, even blocked Hyundai's plan for a third ironworks and succeeded in having itself recognized once again as the sole champion of the iron industry in the nation.

The Power of Past Business Record

The nonferrous metal industry is being briskly developed, centered on those with past business record. As for copper smelting, there was a copper smelter (Onsan) but Taihan Electric Wire (Sol Won-yang) came invading, followed by Lucky (Ku Cha-kyong) and Poongsan Metal Mfg. Co. (Yu Ch'an-u), and a free-for-all fight ensued but eventually, the business ended up as a joint venture by the trio. Oldtime company Young Poong (Chang Pyong-hui and Ch'oe Ki-ho) and Koryo Zinc (its holding company, the Young Poong group) have established their monopolistic grip on the zinc refining business; Taehan Mining and Smelting Co., on the lead smelting business; and Taehan Aluminum, on aluminum.

Meanwhile, the primary material processing business is, comparatively speaking, open. Both the government and the industry have been restricting newcomers and extensive expansion as a guard against excessive facilities, and are now carrying on the business quietly without any serious dispute.

In the iron and steel industry where the market is comparatively wide, territories of the market have been early established. The market for rolled steel (sheet) has been divided up by three powers, Pohang Iron and Steel (primary materials), Union Steel Mfg. Co., and Ilssin Steel since the controversy over cold roll and hot roll in the 1960's. Competing in the steel pipe business are six zaibatsu companies such as Pusan Steel Pipe, Korea Iron and Steel, Ilssin Steel, Union Steel Mfg., and Kyongil Ind. (affiliated with Hyundai).

In addition: As to the tinplate business, which used to be monopolized by Dong Yang Tinplate Ind., the monopoly is now shared by Ilssin Steel (Chu Ch'ang-kyun); in the steel bar business, there are Dongkuk Steel Mill (Chang Sang-t'ae), Inchon Iron and Steel, Kangwon Ind. (Chong In-uk), Kumho Ind. (of the Kumho group), Korea Iron and Steel, and Taehan Sangsa [Korea Commercial Co.]; in the wire rope business, Korea Iron and Steel, Boo-Kook Steel and Wire, Dong-Il Steel Mfg., Yonghung Steel; in the structural iron business, Hyundai Heavy Industries, Samsung Heavy Industries, Korea Shipbuilding and Engineering Corp., Pusan Iron (Dongkuk Steel Mill), Yulsan Heavy Industries, Heung Hwa Works; in the ferroalloy business, Korea Ferro Alloy, Samchok Ind. (of the Tongbu group); in the special steel business, which used to be monopolized by Korea Integrated Special Steel, Korea Heavy Machinery Industries (Kim Yon-kyu) entered the business.

To take a look at the nonferrous metal processing industry: The elongated copper (sheet) business is thoroughly monopolized by Poongsan Metal Mfg. Co.; elongated aluminum, by Dong Yang Steel Ind. and Namsun Light Metal Ind.; and the electric wire business, by Taihan Electric Wire and Gold Star Cable, which has done away with Kukche Electric Wire.

The rush of the financial world into the heavy and chemical industries has generated an even more intense heat in the plant facilities industry. Currently competing in the plant facilities industry are 9 corporations of ranking zaibatsu such as Hyundai International (Chong In-yong), Samsung Heavy Industries, Daewoo Heavy Industries, Hyundai Heavy Industries, Korea Heavy Machinery Industries, Kangwon Ind., Korea Shipbuilding and Engineering (Namsung Ho), and Ssangyong Heavy Machinery (Kim Sok-won). The industry is saturated, the number of corporations equal to the popularity of the industry, and the amount invested by the 9 zaibatsu corporations totals 519.4 billion won. The amount of investment is projected to reach 1,252.2 billion won by 1981. Thus the risks the plant facilities industry is running are great in proportion to its enormous scale of investment. The prominent domestic zaibatsu corporations have entered the plant facilities industry at such great risks because it has emerged as a growth industry in the present stage of the developing economy. What is more, those corporations which have gained confidence in their overseas construction ventures, are not in a position to even plan plant exports. But what is bothering them in common is the question what to do now with the facilities that have been installed. As the table below shows, the 9 corporations have made duplicate investments in facilities ranging from power generation, ironworks, chemicals, cement to environmental protection, resulting in excessive surplus facilities, and their problem is how to utilize the idle excess facilities. The plant facilities industry is currently operating at below 50 percent of capacity, and outcries for financial help have been heard along with a demand for some kind of adjustment of the industry.

The Arena of Competition of Zaibatsu With Political Connections

It is in the area of manufacture of power generating equipment where rivalry and competition are fiercest in the plant facilities industry. Before anyone knew, the power generating equipment business turned into an arena of competition of businessmen with political connections. From the very beginning, the door to the manufacturing business of power generating equipment was wide open. But no sooner had the policy for domestic production of power generating equipment been announced than the financial circles swarmed into the business, generating superheated rivalry.

First to jump into the business were Hyundai Construction (No 1 and No 2 Generators at Asan) and Daewoo Heavy Industries (No 3 and No 4 Generators at Ulsan), with Samsung Heavy Industries making preparations for competition. But Hyundai International took exception to this. Hyundai International was in the middle of constructing at Ch'angwon Machine Works facilities for manufacturing power generating equipment (with an annual capacity of 2 million kw), and was considerably shaken up by the advent of several corporations even before the completion of its facilities. Moreover, the government had given a guarantee for operation at 66 percent of capacity when Hyundai International was getting a loan from IBRD. Flustered, the government took steps to make Samsung Heavy Industries step aside, unifying the manufacture of power generating equipment under Hyundai International, and as a compensation, made Samsung use, exclusively for the

manufacture of industrial boilers, its boiler manufacturing facilities which were under construction at the time for the manufacture of power generating equipment. Up to that time, neither Hyundai nor Daewoo had manufacturing facilities for power generating equipment. Therefore, the government arranged to limit Hyundai Construction and Daewoo Heavy Industries to acquiring engineering know-how necessary for accepting overseas orders for plant construction.

But there arose a new dispute over the Samch'ongp'o Therman Power Station to be equipped with two 500,000 kw generators. A tug-of-war developed between Hyundai International which was awarded the general contract and Hyosung Heavy Industries which was anxious to win the award of the substation construction project. Hyundai International proposed giving the substation construction project to Hyosung as a subcontractor, but Hyosung insisted that the contract for the transmission and distribution facilities worth 50 billion won equal to one-third of the total project cost should be awarded to it direct as a general contractor by Korea Electric Company. By so doing, it explained, it would seek to advance into the overseas market. With Hyosung jumping into the manufacturing business of power generating equipment, the business turned into an arena of competition of the ranking saibatsu. The policy for unifying the manufacture of power generating equipment failed to take hold from the beginning.

Sure enough, when Korea Electric Co. invited international bids on nuclear generators No 5 and No 6, the fire was rekindled. Hyundai Heavy Industries, Daewoo Heavy Industries, and Hyundai International, domestic companies which had each entered into agreements of cooperation with foreign corporations, joined the ranks competing in the bidding. After six months of foot dragging, Korea Electric Co. picked Westinghouse of the United States for the first system (nuclear reactors) and GEC of Britain for the second system. At that time, Hyundai Heavy Industries had already entered into an agreement of cooperation with Westinghouse.

As the bid for nuclear generators No 5 and No 6 was awarded to Westinghouse, Hyundai Heavy Industries demanded the right to manufacture the facilities on the ground of past business record; and moreover, brought Daewoo, Samsung, and Hyosung into the foray. After heated arguments among the economic ministers of the cabinet, the government granted participation to Hyundai Heavy Industries and Daewoo Heavy Industries in April 1978. Samsung and Hyosung were excluded on the ground that "for participation, five corporations is too many."

The policy for putting the manufacture of power generating equipment under three companies roused Samsung. Above all, it made Samsung lose its face. Samsung persisted in its insistence that as originally granted, the boiler plant of the Ch'angwon Works be permitted to manufacture power generating equipment. At last on 28 October 1978 the government, as part of the second adjustment of the heavy industry, permitted Samsung to participate in the manufacture of boilers for power generation. As the manufacturing business

of power generating equipment was going through such twists and turns, Hyosung, hooked up with Hitachi, put forward a project that it would participate in the manufacture of small-scale power generating equipment for civilian consumer use, equipment that utilizes waste heat, and using this business as the framework, it would advance into exporting plant facilities.

Meanwhile, as many companies came to participate in the manufacture of power generating equipment, Hyundai International came up with this suggestion that Ch'angwon Works be handed up to the state. In this connection, the argument of Hyundai International runs like this: Fifty percent of Ch'angwon Works, into which some 400 million dollars were invested, is for the manufacture of power generating equipment, but if three or four corporations are allowed to participate in the manufacture, it will inevitably bring about a mass bankruptcy, and inasmuch as it is foredoomed as a reliable industry, it is much better to step aside now, handing up the factory to the state. As time passes, the government finds itself in a worsening dilemma.

The Leading Zaibatsu Which Have Solidified Their Bone Structure

Another characteristic phenomenon in the machine industry is a growing advance being registered by environmental protection businesses.

In the environmental protection businesses such as the treatment of city water and waste water and dust precipitator, where small and medium companies such as Chungang Chongsu [Central Water Purification], Pomhan Chongsu [Pan Korea Water Purification], and T'aep'yongyang Chongsu [Pacific Water Purification] are competing, Hyundai International, Korea Explosive (Kim Chong-hui), Lotte Electronics (Sin Kyok-ho), Samsung Heavy Industries, Daewoo Heavy Industries, Kangwon Ind., Korea Heavy Machinery Industries, and the Doosan group are already participating or have finalized their plans for participation.

The advent of the machine industry--the plant facilities industry--has stimulated the emergence of the engineering industry. Engineering is a technical service industry encompassing the entire construction process ranging from the survey of appropriateness of plant construction, consultation, design (basic design and detailed design), purchase and procurement and service work therefor, to construction supervision followed by trial run. It is a forerunner of the plant facilities manufacturing industry and the plant construction industry. This is to say that in the course of the survey of appropriateness, of consultation and design, the construction firm is selected, and in accordance with the specifications written up in the design, it is determined to use what products of which companies.

In the past, because of the frailty of domestic technical standards, most of the large plants in our country were built with foreign engineering companies in charge.

But along with the development of the machine industry, our engineering industry has grown up and become able to carry out projects on the so-called turnkey job method.

First to advance into the engineering industry were also those corporations that have personally experienced engineering necessity in their advance into overseas markets. It is Hyundai Construction, Daelim Ind. (Yi Chae-chun), Kyung Nam Enterprise (Sin Ki-su), Dong-A Construction (Ch'oe Chun-mun), and the Daewoo group which early on launched brisk activities, forming their own engineering companies, followed by the ICC group (Yang Chong-mo), Hyosung (Cho Sok-nae), Kolon (Yi Tong-ch'an), Sam Hwan Corporation (Ch'oe Chong-hwan), Hyundai International, Taihan Electric Wire, the Yulsan group (Sin Son-ho), the Samsung group, the Luch group. Each of the zaibatsu groups has its own engineering company under its umbrella.

The automobile industry too has solidified its bone structure as leading zaibatsu. The automobile industry originally started with Shin Jin Motor Co. as the sole company in the industry, was separated into three, then four companies (Shin Jin, Hyundai, Kia, and Asia), and as Asia was absorbed by Kia Ind. (Kim Sang-min), reverted to the three-company status.

With the participation of Tonga Chadongch'a [automobile] (Ha Tong-hwan) in the assembly and production of specially equipped cars and buses, it is remaining in the state of a three- or five-company industry.

To take a look at the parts business: Steps have been taken, in the case of passenger cars, to make various makers produce major parts such as engines, body shells, axles, and transmissions, to the extent of meeting demands on our own, and in the case of large-size cars, to make special companies exclusively produce them. Under this arrangement, diesel engines for large-size cars are exclusively produced by Daewoo Heavy Industries, Hyundai Motor Co., and Kia Ind.; axles and transmissions, by Dongyang Machinery Corporation and Korea Spicer Corporation; wheel discs, by Tonga Chadongch'a and Hyundai Chonggong [precision]. A recently published list of exclusive parts makers is attracting attention because the list includes zaibatsu-class companies such as Tong Yang Nylon (metal bearings), Dong-A Construction, Songyong Kigye [machine], Miwon, National Plastic, Lucky, Samyang Foods, Applied Magnetic Corp.

With participation of Kia Kiyon [technical research institute], Daelim Ind., Hyosung Machines, and Dae Dong Ind. in the two-wheel automobile motorcycle business, a four-way competition is under way.

The agricultural machine industry is being led by zaibatsu which have absorbed independent companies. In the agricultural machine industry where Dae Dong Ind. (Kim Sang-su) and Tong Yang Moolsan (affiliated with Pyoksan) used to be the two pillars with numerous independent companies competing, ICC absorbed Yooshin Machinery Co. (Kukche Chonghap Kigye [International Integrated Machinery]) and Hyosung took over Chinil Kiop [industry] (Hyosung Machines) and developed them into comprehensive agricultural machine corporations, and with Hyundai International participating in the manufacture of large farm machines (tractors), the picture of the industry has completely changed with zaibatsu in the lead.

Shipbuilding is where the modern period and contemporary period coexist, that is, large shipbuilding companies such as Hyundai and Daewoo with earlier established Korea Shipbuilding and Engineering Corp. and medium size shipbuilder Samsung Choson; and in the fishing vessel building business, there are Dae Dong Industrial Co. and Taehan Choson, with numerous small independent builders.

Table 1. The State of the Plant Facilities Industry

(Note: Domestic capital in 000,000 won; foreign capital in 000 dollars; total of domestic and foreign capitals in 000,000 won)

Name of Business	Capital--paid up and future needs	Period of Construction	Location	Major Production Facilities	Annual Production Capacities	Products
Hyundai International	Paid up 34,800	Nov 76/ Dec 79	Kunp'o and Ch'angwon	Power generating equipment	500MW - 4 units	Turbines, Generators, Boilers
(Chong In-Yong) Future needs						
Domestic						
51,100			Site 1.28 million p'yong	Iron making fac	3 million tons	Blast Furnaces, Rotary Furnaces, CCM Rollers
Foreign						
154,000				Chemicals and Petroleum	300,000 tons	Large Compressors, Large Reactors
Total			Floor space 180,000 p'yong	Chemical facilities	Ethylene plant	Heat Exchangers, Large Pumps, Large Centrifuges
160,500				Cement facilities	1 million tons - 3 units	Kilns, Crusher Mills, Coolers
				Heavy construction equipment	20,000 units	Bulldozers, Loaders, Motors, Graders, Excavators, Trucks, Cranes, Fork Lifts
				Raising, lowering, transporting facilities	600 units	Overhead Traveling Cranes, Transtainers

(Hyundai International continued on next page)

((Table 1 continued from previous page))

Name of Business	Capital--paid Period of up and future Construc- tion		Location		Major Production Facilities		Annual Production Capacities		Products	
	Hyundai	International	(ctd)		Environ- mental protection facilities		-		Dust Precipitators, Desulfurizers, Water Treatment Equipment	
Daewoo Heavy Industries (Kim U-chung)	Paid up	Feb 78/	Ch'angwon,	Mining equipment	500 units	3 kinds including				
	112,000	Feb 81	Inch'on, and Anyang	Power generating equipment	500MW - 4 units	Rock Drills				
	Future needs					Turbines, Generators, Boilers				
	Domestic									
	105,900									
	Foreign		Sites	Cement facilities	1 million tons	Kilns, Dryers, Crusher Mills				
	161,000		840,000 p'yong							
	Total			Petro-chemicals	Ethylene plant	Pressurizers, Heat Exchangers				
	296,200		Floor space 260,000 p'yong		350,000 tons					
				Environ- mental protection facilities	-	Dust Precipitators, Waste Water Treatment Equipment, Noise and Dust Prevention Equipment				
				Diesel engines	118,200 units	Industrial use (50-600 hp), marine use (30-600 hp)				
				Rolling stock	8,000 units	Passenger & freight cars, electric cars, electric/ diesel locomotives				

(Daewoo Heavy Industries continued on next page)

(Table 1 continued from previous page)

Name of Business	Capital--paid up and future needs	Period of Construction	Location	Major Production Facilities	Annual Production Capacities	Products
Daewoo Heavy Industries (Ctd)						
				Heavy construction equipment	14,700 units	Forklifts, Excavators, Bulldozers, Cranes, Loaders, Dump Trucks
Samsung Heavy Industries (An Pyong-hwi)	Paid up 13,700 Future needs Domestic 66,100 Foreign 125,000 Total 143,300	Dec 76/ Dec 81	Ch'angwon Site 350,000 p'yong Floor space 70,000 p'yong	General industrial machines Power generating 1 unit equipment Iron making fac Cement fac	600MW - 1 million tons 2 million tons	Rotary Furnaces, Electric Furnaces, Reactors, Pumps, Compressors Gas Turbines, Steam Turbines, Boilers, Generators, Reactors, Nuclear Energy Housing Blast Furnaces, Rotary Furnaces, CCM Rollers, Sintering Furnaces, Electric Furnaces Kilns, Crusher Mills
				Transporting equip		Overhead Traveling Cranes, Derricks, Conveyors
				Petro-chemical fac	Ethylene 100,000 tons	Heat Exchangers, Compressors, Towers, Refrigeration Equipment, Reactors, Prersurizers
				Environmental protection fac		Dust Precipitators, Desulfurizers, Equipment for Treatment of Waste Water and other wastes, Desalinization Equipment

((Samsung Heavy Industries continued on next page)

(Table 1 continued from previous page)

Name of Business	Capital--paid up and future needs	Period of construction	Location	Major Production Facilities	Annual Production Capacities	Products
Samsung Heavy Industries (ctd)	Paid up			Construction and mining equip	-	Pile Hammers, Excavators, Kilns, Batching Plants, Crushers
Hyundai Heavy Industries	270,700	Jun 77/ Dec 80	Ch'angwon and Ulsan	Power generating and equipment	Thermal and Hydro - 2 units	Boilers, Turbines, Generators
(Yi Ch'un-rip)	Domestic 86,000 Total 356,700		Sites 2.27 million p'yong			
					Nuclear 1,200 MW 5 units	Atomic Reactors, Steam Generating Equipment, Towers
			Floor space 200,000 p'yong	Iron making fac	3 million tons - 2 units	Blast Furnaces, Rotary Furnaces, Hot Blast Furnaces, Rollers
				Chemical fac	2 Ethylene plants - 350,000 tons	Heat Exchangers, Heating Furnaces, Distiller Towers, Reactor Towers, Pressurizers
				Cement makers	1 million-ton maker 2 units	Kilns, Crusher Mills, Dryers
				Environmental protection fac	30,000 tons	Desulfurization, Waste Water Treatment, Dust Precipitator, Desalinization Equipment

(Hyundai Heavy Industries continued on next page)

(Table 1 continued from previous page)

Name of Business	Capital--paid Period of up and future Construc-		Major Production Facilities	Annual Production Capacities	Products
	needs	tion			
Hyundai Heavy Industries (ctd)			Heavy electric machinery	7050 MVA (on a transformer basis)	Transformers, Motors, Switchboards, Circuit Breakers, Regulators, Pumps
			Loco-motives	50 units	Diesel and Electric Locomotives and Locomotives with other types of internal combustion
			Cast steel	6.5 tons	Various kinds of engines and parts
			Construction equip	120 units	Asphalt Plant Crusher, Batch Plant Roller, Winch
			Elevators	282 units	Passenger and Freight Elevators, Escalators
			Diesel engines	Large 47 units Medium 280 units	Large diesel engines and medium, high speed engines, various kinds of industrial turbines
			Transport equip	160 units	Cranes, Containers, Conveyors
			Structural iron	230,000 tons	Gate Penstock, Buoy, Tower, other structural iron
			Ship-building	2 million DWT	Oil Tankers, Freighters

(Table 1 continued from previous page)

Name of Business	Capital--paid Period of up and future Construc-		Major Production Facilities Capacities		Products
	tion	Dec 76/ Dec 80	Location	Annual	
Korea Shipbuilding and Engineering Corp (An Chong-mo)	Paid up needs	22,300	Ch'angwon Power and generating 1 unit Okp'o equipment	300MW -	Condensers, Large Pumps, Atomic Power Housing
	Future needs				
	Domestic	18,500	(Okp'o Iron & shipyards steel trans-making ferred to fac Daewoo shipyards Chemical at present)	1 million ton-class	Electric Furnaces, Rollers, Rotary Furnaces
	Foreign	100,000			
	Total	89,400			
			Sites 1.02 million p'yong	1 Ethylene plant 10,000 tons	Heat Exchangers, Compressors, Chemical Reactors
			Floor space 60,000 p'yong	1 unit of 10,000 tons	Kilns, Crusher Mills
			Construction equip	600 units	Bulldozers, Excavators, Rollers, Loader Pavers
			Rolling stock	1,700 units	Passenger Cars, Freight Cars, Motor-driven Cars
			Paper-mfg fac	1000 tons per day	Dryer, Chilled Roll
			Transporting, loading/unloading	300 units	Overhead Traveling Cranes, Mobile Cranes, Containers

(Korea Shipbuilding and Engineering continued on next page)

(Table 1 continued from previous page)

Name of Business	Capital--paid Period of up and future Construc-		Location	Major Production Facilities		Annual Production Capacities	Production
	needs	tion		Mining equip	200 units	4 kinds of equipment such as Test Drills and p'ajolgi [?crushers]	
Korea Shipbuilding (ctd)							
				Floating structures	-	Floating Hotel, Floating Nuclear Power Station, Floating Paper Manufacturing Plant	
Kangwon Industrial Co Ltd (Chong In-uk)	Paid up 27,400 Future needs Domestic 12,800 Foreign 17,000 Total 48,400	Jan 77/ Dec 81	P'ohang Site 120,000 p'yong Floor space 30,000 p'yong	Cast Iron and steel	75,200 tons	Large-size iron and steel materials, large-size cast iron, lined cast iron, high-tensile cast iron, cast iron roll	
				Power generating equipment	450MW	Water Turbines, Condensers, Boilers	
				Iron making fac	600,000 tons	CCM Rollers, Coke-ovens	
				Cement fac	1 million tons - 1 unit	Kilns, Flotators	
				Chemical equip	-	Heat Exchangers, Pressurizers	
				Environ-mental protec-tion equip	3.5 million per day	Dust Precipitators, Water Treatment Equipment	

(Kangwon Industrial continued on next page)

(Table 1 continued from previous page)

Name of Business	Capital--paid up and future needs	Period of Construction	Location	Major Production Facilities	Annual Production Capacities	Products
Kangwon Industrial (ctd)				Transport-81 ing, load-units ing/unload-ing equip	6 kinds of equipment such as Overhead Traveling Cranes, Derricks, Conveyors	
				Mining equip	4,000 tons	Crushers, Sorting Machines and other ore separators
				Deck equip	3,000 tons	Winch, Anchor Chain
				General Industrial equip	3,000 tons	(?Ladle, Ladle Car), Valve, Compressor
				Primary equip materials	630,000 tons	Rail, I-beam steel
Korea Heavy Machinery Industries (Kim Yon-kyu)	Future needs Domestic 14,000 Foreign 34,000 Total 31,500	Jan 78/ Dec 81	Yongdung-p'o, Ch'angwon and Inch'on Sites 300,000 p'yong Floor space 120,000 p'yong	Power generating equip Iron and steel making fac Cement fac Mining equip Chemical plant	30,000 tons 30,000 tons 30,000 tons 30,000 tons 30,000 tons 30,000 tons	Turbine, Nuclear Pump and Pipe, Penstock Roller, CCM, Piping Machine Electric Furnace Kiln, Crusher Mill Loader, Unloader Hoist Heat Exchanger, Tank, Condenser

((Korea Heavy Machinery Industries continued on next page)

(Table 1 continued from previous page)

Name of Business	Capital--paid up and future needs	Period of construction	Location	Major Production Facilities	Annual Production Capacities	Products
Korea Heavy Machinery Industries (ctd)						
				Environ-mental protection equip	30,000 tons	Dust Precipitator, equip for treatment of waste water and other wastes
				Trans- porting, loading/ unloading equip	30,000 tons	Crane, Derrick, Container, Forklift
				Special Construc- tion equip	30,000 tons	Dredging equip, tunneling equip, tower crane
				Primary materials	385,000 tons	Steel materials, rolling machine, forged and cast iron materials
				Rolling stock	35,000 tons	Rolling stock, flatcar, axle
				Special steel	100,000 tons	Various kinds of special steel
				Industrial machines	10,000 units	Machine tool, metal processing machine, pulp, compressor
Hyosung Heavy Industries (Cho So'-nae)	Paid up 22,400 Future needs Domestic 24,300	Jul 76/ Oct 81	Ch'angwon Site 209,000 p'yong	Power generating equip	350MW - generating 1 unit	Turbine generator, heat exchanger, boiler

(Hyosung Heavy Industries continued on next page)

(Table 1 continued from previous page)

Name of Business	Capital--paid up and future needs	Period of Construction	Location	Major Production Facilities	Annual Production Capacities	Products
Hyosung Heavy Industries (ctd)	Foreign 50,000 Total 70,900		Floor space 66,000 p'yong	Transmission and substation equip	3,000MW	(?Posing transformer), circuit breaker, disconnecting switch, distribution switchboard
				Iron making fac	500,000 tons	Rolling machine, electric furnace
				Transporting, loading/unloading equip	5,000 tons	Crane, conveyor, hoist
				Environmental protection equip	-	Dust precipitator, water treatment filter
				Watergate	12,000 tons	Gate, tank, structural iron
				Machine tool	6,500 units	Lathe, milling & drilling machine, grinding machine
				Fiber machine	1,600 units	Rapier, weaving machine, jet weaving machine
Ssangyong Electric	Paid up 14,900 Future needs Domestic 8,700	Dec 76/ Sep 79	Ch'angwon Site 80,000 p'yong	Transmission, substation, distribution	4,000MVA	Transformer, circuit breaker, (?current transformer), GIS, disconnecting switch, lightning arrester, (?protective circuit breaker)

(Ssangyong Electric continued on next page)

(Table 1 continued from previous page)

Name of Business	Capital--paid up and future needs	Period of Construction	Location	Major Production Facilities	Annual Production Capacities	Products
Ssangyong Electric (ctd)	Foreign 6,000 Total 26,500		Floor space 220,000 p'yong	Industrial electrical apparatus	2,000 units	Control switchboard, generator, motor, electric furnace, electron contactor
				Fluidiza- tion apparatus	300 units	Large-size pulping apparatus
Ssangyong Heavy Machinery	Paid up 1,200 Future needs Domestic 31,800	Jun 78/ Jun 82	Ch'angwon Site 23,000 p'yong	Engine manufacture	460,000 BHP	Marine generator, locomotive engine and special-purpose engine (400-6000 hp engines of various kinds)
			Floor space 11,000 p'yong	Structural iron and steel	15,000 tons	Various kinds of cast iron and cast steel

(End Table 1)

The Monopoly of Big Businesses

Let us proceed to take a look at the electronics business. This industry is an area in which a coexistence structure should have been established for big businesses, medium and small businesses, with their territories fixed, but that is not the case. Big businesses have penetrated the parts production area which should rightly have been left to medium and small businesses, and as a result, there is no room at all for anyone but zaibatsu.

The big three, Kumsung, Samsung, and Taihan, used to predominate the household electrical goods business, but this industry has become an arena of four-sided competition with the participation of Kumho. Kumho Electronics of the Kumho group, taking over the electronic parts business of Chunusa, began producing TV set, cassette tape recorder, electronic watch, digital clock, radio, table electronic clock, and in 1978, acquiring Dongnam Electrical Industrial Co., emerged as a comprehensive maker, in name and fact, of household electrical goods, producing air conditioner, refrigerator, washing machine, electric fan, rice cooker, coffeepot, and various kinds of console. Also doing business in the household electrical goods industry are A Nam Industrial Co., Shin Il Industrial, Whashin-Sony, and Whashin Electric, but they are no match for the big four.

The controversial telephone exchange equipment business, which used to be under the dual monopoly of Gold Star Tele-electric and Dong Yang Precision, was finally separated into two distinctive businesses of mechanical and electronic systems with the establishment of the state-operated Hanguk Chonja T'ongsin, Ltd. [Korea Electronic Communications]. Competing in the private in-house exchange system business are Gold Star, Dong Yang, Tai Han Telecommunication, Samsung, and GET.

In the telephone exchange system business of our country, where EMD (Gold Star) and (?Stroja) (STC, Inc.) used to be predominant, Samsung and Tai Han tried to introduce the (?crossbar) and electronic systems only to fail each time. As the telephone situation took a sharp turn for the worse in the latter half of the 1970's, the government finally decided to bring in the electronic exchange system. The Gold Star and STC, the oldtimers, and Samsung and Tai Han, the newcomers, each in cooperation with a foreign corporation, began earnestly soliciting the ultimate consumers. The fight inevitably became fierce as both the oldtimers and newcomers had been waiting over 20 years for a break. Thereupon the government had no alternative but to make a compromise arrangement: To put the assembly work under state management and order parts from the four companies. Under this compromise arrangement, Hanguk Chonja T'ongsin was established, and major parts such as (?computer connector lead frame) are to be ordered evenly from the four makers.

The electronic exchange system makers, none of whom won a decisive victory in the electronic exchange field, switched the battleground to the in-house

exchange (PABX) field. In June 1977 Tai Han received permit for the manufacture of the crossbar system as in-house exchange system. The cost of the crossbar system per circuit: \$105, 40 percent [i chom obun ui il] of the EMD cost, yet very high in efficiency. Subsequently, Samsung set up Samsung-GET for the electronic in-house exchange system. Thus the monopolistic grip on in-house exchange system broke and a competitive system emerged making the in-house telephone system a convenient one at a reasonable cost. Here the consumer came to experience for the first time what monopoly had done to him.

The cream of the electronics industry is the semiconductor and computer businesses. This industry, because of its rapid technical innovations, is an economic area the domestic financial circles cannot afford to jump into recklessly. In the semiconductor business, Hanguk Padoch'e [Korea Semiconductor] of the Samsung group, Tai Han Semiconductor of the Taihan Electric Wire group, and Hansaeng Padoch'e of the Korea Silk group have completed their preparations as newcomers; and currently in the semiconductor processing business are A Nam Industrial and foreign corporations such as Motorola and Fairchild. In the computer business, Gold Star Co., Ltd., Gold Star Tele-electric, Taihan Electric Wire, Dong Yang Precision, Samsung Electronics, and Tongyang Electronics have been designated by the Ministry of Commerce and Industry for intensively nurturing small-size computer business. But they are not yet in a position to venture into foreign markets.

The cash register business, after suffering its "measles" or its growing pains, was restored into the zaibatsu fold. With the imposition of surtax effective 1 July 1977, it became mandatory for certain businesses to install cash registers, and in no time, as many as 13 makers swarmed over the business. But in less than a year the smaller makers all went bankrupt and four bigger makers, Seo Heung Electric and Machinery, Taihan Electric Wire, Samsung Electronics, and Gold Star Co., Ltd. managed to remain in the business. At one time, Gold Star Co., Ltd. seemed to rock the boat, picking a fight with Seo Heung Electric, the top maker, but before anyone knew it, absorbed Seo Heung in a merger.

In addition, Gold Star Co., Ltd. took over the three companies of the STC, Inc. group, i.e., STC Electric, Inc., STC Electronics, Inc., and STC Precision, seizing a monopolistic grip on the elevator and escalator (T'ongso Electric) businesses, as well as on the electronic switch, high voltage regulator band and distributing box circuit breaker businesses.

Territories of the Heavy Electrical Equipment Industry Also Carved Up

In the heavy electrical equipment industry, too, which used to lay waste, big zaibatsu corporations have carved out their territories. Only up to some 10 years ago the life of the heavy electrical equipment industry was being barely sustained by six makers, Han Yung Industrial, Leechun Electric Mfg. Co., Dong Yang Electric, International Electric Enterprise, Sinhan

Electric, and Taemyong Electric, but by the mid-1970's all of them were absorbed in a merger by zaibatsu corporations. Han Yung was taken over by Hyosung, International Electric by Kolon, Dong Yang by Ssangyong; and with the participation of Hyundai Heavy Industries, Hyundai International, Kumsung Kyejon, Taehan Chon'gi, STC Electric as newcomers, the industry turned into a colorful arena. As a result, it became possible for the heavy electrical equipment industry--whose ability was limited to manufacturing pole transformer (22 kv) and substation transformer (66 kv)--to produce various kinds of equipment such as ultrahigh voltage transformer (345 kv), generator, motor, transformer circuit breaker, distributing switchboard, direct current circuit.

As to diesel engines, it was decided that large engines of 6,000 hp or above were to be manufactured by Hyundai Heavy Industries; medium size engines of 600-6,000 hp, by Ssangyong Heavy Machinery; small size engines under 600 hp, by Daewoo Heavy Industries. But it was a decision that could not be kept. In the manufacture of small size engines for automobiles, Hyundai Motor (Perkins engine) participated, followed by Kia Industrial in cooperation with Japan's Toyo Kogyo; in the manufacture of engines for agricultural machines, Dae Dong Industrial and Hyosung Machine; and in the manufacture of large engines, Hyundai International and Hyundai Heavy Industries. In particular, over the advent of and cooperation with the GMC and DDA of the United States--worldwide leaders in the manufacture of medium size engines widely used for high-speed buses, for marine use such as patrol boat, for industrial use, for tanks, diesel locomotives, and heavy construction equipment--Hyundai Heavy Industries and Ssangyong waged a fierce battle, from which Hyundai emerged victorious. Next, to take a look at the territories carved out by machine manufacturing corporations: The territory for the manufacture of rolling stock, which used to be a monopoly of Daewoo, became a three-way competition arena with the participation of Korea Shipbuilding and Engineering Corp. and Hyundai Heavy Industries; diesel locomotives, the territory of Hyundai Heavy Industries; electric locomotives, the territory of Daewoo Heavy Industries; heavy construction equipment such as crane and excavator, the territories of Hyundai International and Daewoo Heavy Industries.

Now, let us turn our attention to the chemical industry. This is invariably referred to as the heavy and chemical industries. The heavy industry and chemical industry parallel in development. In the course of implementation of the past three economic development plans, the general chemical areas such as cement, plate glass, and fertilizer have somehow managed to reach the stage of self-sufficiency, but the petrochemical industry which forms the core of the chemical industry, has barely reached the stage of full-scale development. The fine chemical industry is still in its infancy.

The cement industry, which distinguished itself by notoriety in the "sambun" [three-power] profiteering scandal of the 1960's, found itself in the 1970's floundering in excessive facilities. In an attempt to keep excess facilities from growing bigger, the industry made utmost efforts to prevent installation of new facilities. Meanwhile, Ssangyong Cement, the leading

company in the industry, in order to maintain its monopolistic grip on the industry, exerted its restraining influence to the utmost to check other companies' additional installations. It was rumored that the influence of the industry even affected the formulation of the fourth 5-year plan, resulting in the supply of cement being set at an excessively low level. Sure enough, in the first year of the fourth 5-year plan an upheaval was generated. As the cement upheaval peaked, Hyundai International came up with a plan for a new cement plant. Hyundai International claimed this was to be a pilot plant paving the way to plant exports to overseas markets. Then Sung Shin Cement and Tong Yang Cement followed with their plans for additional installations. Tongyang Construction too came up with a plan for new facilities with a 1.5 million ton capacity. In view of the urgency of the situation, permission was granted for all the plans. The companies currently active in the cement industry are Ssangyong, Tong Yang, Hanil (affiliated with Korea Petrochemical), Hyundai, Sung Shin (Kim Sang-su), Asia (affiliated with Pongmyong Mining), and Koryo, which are all zaibatsu companies.

After venturing into the cement business, Hyundai International came up with a plan for the construction of a caprolactam plant with an annual capacity of 100,000 tons. This plan also carried an explanation that this was to be a pilot plant for advancing into the international arena. After waging a battle with Tong Yang Nylon, Hyundai International succeeded in winning its permit from the Ministry of Commerce and Industry. Thus the caprolactam business was divided up into the territory of two companies--Hankook Caprolactam established by the three nylon companies, and Hyundai International. The PVC business was caught up in the 1970 adjustment of unprofitable businesses, and in the process, six companies such as Korea Petrochemical, Hanguk Hwasong [chemical], and Kongyong were merged into a new company, Korea Plastic Industry Corporation (Yang Kyu-mo). Challenging the monopoly of Korea Plastic, Lucky won its place in the business, followed by Taihan Electric Wire.

A Virgin Field

The growth of the plate glass business has been very simple. Tongsong Plate Glass (Cho Pong-ku) of the Dong Kwang Enterprise group challenged the monopolistic bastion of Korea Glass Industry Co., Ltd. (Ch'oe T'ae-sop) but after a bloody battle over three years, was swallowed up by Korea Glass. Korea Glass regained its monopolistic grip on the plate glass business. Currently active in the glass bottle business are Doosan Glass, Hyosung Glass, Pacific Development (affiliated with Pacific Chemical), Yonhap Glass, and Tongso Glass. In the soda ash business, the same as in the case of the plate glass, Dong Yang Chemical (Yi Hoe-rim) has solidified its monopolistic grip.

Predominant in the fertilizer business which was established under the initiative of the government are Chonghap Chemical (Paek Son-yop), Nam Hae Chemical (Yi Won-yop), Korea Fertilizer (Yun T'ae-ho), Yong Nam Chemical (Kim Song-yong), Chinhae Chemical (Ch'oe Se-in), all corporations in which the government has invested its funds; and Pungnong Fertilizer, Kyunggi Chemical, and Cho Sun Fertilizer are playing the role of extras.

Our economy has now reached the stage where the petrochemical industry has to be developed on a full scale. The petrochemical industry which is in the van of the modern chemical industry, has a limitless potential and so is great in growth potential. Embarking on the development of the petrochemical industry from the second 5-year plan, our economy built No 1 Petrochemical Complex in Ulsan, and No 2 Complex is now under construction in the Yoch'on industrial estate.

In No 1 Complex are: Korea Oil Corporation (naphtha cracking facilities, BTX manufacturing plant, cyclohexane); Korea Pacific Chemical (polyethylene, VMC); Korea Ethanol (ethanol, acetaldehyde) affiliated with Korea General Chemical; Ulsan Petrochemical (styrene monomer) affiliated with Miwon; Hannam Chemical (polystyrene); Korea Petrochemical (high-condensation polyethylene, polypropylene) affiliated with Korea United Lines; Tonga Petroleum (acrylonitrile) affiliated with Hanil Synthetic Fiber; Korea Polyol (polypropylene glycol) affiliated with Chin Yang Chemical; Korea Synthetic Rubber (SBR latex) affiliated with Kumho; Samsung Petro Chemical (TRA) affiliated with Samsung; Kolon Chemical (petroleum and resin) of the Kolon group; Korea Caprolactam, a nylon maker; Yisu Chemical (alkyl benzene) of Ewha Foundation; Dainong Petrochemical (anhydrous arene acid) affiliated with Dainong (Pak Yong-hak); Sankyong Chemical (phthalic anhydride) of Aekyong Co.; Taesung Methanol of Taesung Lumber.

In No 2 Petrochemical Complex, now in the final stage of completion, are: Honam Ethylene (naphtha cracking, BTX), a subsidiary of Korea General Chemical; Honam Petroleum (high-condensation polyethylene, ethylene glycol, polypropylene); Hanyang Chemical (low-condensation polyethylene, EDC, VCM); Dow Chemical Korea (electrolytic plant, caustic soda); Lucky Chemical (PVC); Korea Synthetic Rubber (butadiene); Kumho & Co., Inc. (cumene, phynol, acetone); Taesung Methanol. Of the aforementioned plant facilities, Honam Ethylene and Honam Petroleum were transferred by the government to joint ownership of the Daelim and Lotte groups at the price of 50 billion won against the total investment of 290 billion won.

In the public subscription to No 3 Complex which was closed as of the end of July 1978, 29 plant applications were filed by 16 zaibatsu corporations for the 10 available factories, or a ratio of 3 to 1. The applicants were not a motely crowd but companies of the top-class zaibatsu, and the fact that their competition ratio was 3 to 1 is not something that could be viewed lightly. After three-month screening, the Ministry of Commerce and Industry decided to grant the naphtha cracking plant and LDPE to Lucky Petroleum; polypylene oxide and styrene monomer, to Chin Yang Chemical, which was selected out of 9 applicants; VCM, to Korea Pacific Chemical; polystyrene, to Taihan Electric Wire, Tong Yang Nylon, Korea Pacific Chemical; AN monomer, to Tong Suh Petrochemical; butadiene and SBR, to Han Kook Tire after it has expanded Korea Synthetic Rubber.

Then there is the defense industry which exerts a decisive influence on the state of the heavy and chemical industries, but the same corporations are also active in the defense industry. Active in the aircraft industry are two companies: Samsung for engines and Korean Air Lines for assembly.

Table 2. The State of the Heavy and Chemical Industries and Territories of the Financial Circles
(Note: Domestic capital in 000,000 won; foreign capital in 000 dollars; total of domestic and foreign capitals in 000,000 won)

Indu- stry	Business Company	Name of Company	Add'l		Remarks
			Capital	capital planned Capacity	
Iron, Steel, and Other Metals	General Pohang iron	Iron & Steel Co Ltd (Pak T'ae-chun)	Domestic 289,129 Foreign 766,300 Total 1,055,429	Domestic 5.5 million tons p.a. 85,904 tons p.a. Foreign 670,000 Total 1,135,904 tons p.a.	Project is under way to expand annual production capacity to 8.5 million tons by 1981, to be immediately followed by construction project for No 2 iron works with 12 million ton capacity
	Special steel	Korea Integrated Special Steel Co Ltd (Om Pin)	Domestic 64,332 Foreign 5,500 Total 69,832	-	Completed in 1978
				250,000 tons p.a.	
		Korea Heavy Machinery Industries Incorporated (Kim Yon-kyu)	-	Domestic 18,139 million Foreign tons p.a. 12,676 Total 30,815 million	Construction project got under way in 1979 for completion in 1981
	Bars	Dongkuk Steel Mill Co Ltd (Chang Sang-t'ae)	Domestic 2,500 Foreign 3,300 Total 5,800	Domestic 770,000 tons p.a. Foreign 1.17 million tons p.a. Total 771,170 tons p.a.	To be completed at end of 1979
		Inchon Iron & Steel Mill Co Ltd (Yi Myong-pak)	-	Domestic 600,000 tons p.a. Foreign 900,000 tons p.a. Total 1,500,000 tons p.a.	To be completed at end of 1979

(Iron, steel and other metals, Bars, continued on next page)

(Table 2 - Iron, Steel, and Other Metals continued)

Indus- try	Business Company	Name of Company	Add'l capital		Capacity	Remark
			Capital	planned		
Iron, Steel, and Other Metals (ctd)	Bars	Kangwon Industrial Co Ltd (Chong In-uk)	Domestic 5,000 Foreign 10,000	Domestic 2,890 Foreign 4,700	440,000 tons p.a. 560,000 tons p.a.	Expansion project to be completed June 1980
	(ctd)	Kumho Industrial Inc (Kim Chong-ho)	Domestic 4,500 Foreign 22,000	Domestic 6,000 Foreign 7,000	230,000 tons p.a. 520,000 tons p.a.	Expansion project to be completed July 1979
	Plates	Union Steel Mfg Co Ltd (Yang Chong-mo)	Domestic 4,800 Foreign 10,400	Domestic 3,790 Foreign 19,400	1 million tons p.a. 2.3 million tons p.a.	Expansion project to be completed at end of 1979
		Ilssin Steel Co Ltd (Chu Ch'ang-kyun)	Domestic 4,600 Foreign 17,100	Domestic 3,841 Foreign 1,750	360,000 tons p.a. 1.36 million tons p.a.	Expansion project to be completed June 1979
	Steel Sheets	Ilssin Steel Co Ltd (Chu Ch'ang-kyun)	Domestic 632 Foreign 3,934	Domestic 15,837 Foreign 14,665	350,000/750,000 tons p.a.	Expansion project to be completed December 1980
		Hanguk Kangp'an (Han Sang-chun)	Domestic 2,104 Foreign 2,849	Domestic 655 Foreign 6,237	230,000/430,000 tons p.a.	To be completed at end of 1982
		Pusan Steel Pipe Ind Co Ltd (Yi Ch'ang-u)	Domestic 6,700 Foreign 13,000	-	380,000 tons p.a.	

(Iron, Steel, and Other Metals continued on next page)

(Table 2 - Iron, Steel, and Other Metals continued)

Industry	Business Company	Name of Company	Add'l capital plan		Capacity	Remarks
			Domestic	Foreign		
Iron, Steel and Other Metals (ctd)	Non-ferrous metals	Onsan Tong Cheryon [copper]	Domestic 34,206	Foreign 17,234	80,000 tons copper p.a.	Ongoing project to be completed April 1979
		(Yi Tuk-yong)	95,850	Foreign 1,435		
		Koryo Ayon [zinc] (Paek Myong-won)	Domestic 20,678	Foreign 14,597	50,000 tons per annum	For zinc, project completed November 1978
			25,000	Foreign 14,918	Lead - 30,000 tons per annum	For lead, project to be completed June 1980
		Taehan Aluminum (Chang U-chu)	-	-	17,500 tons p.a.	Plan is being pushed for additional installations to increase annual production capacity to 100,000 tons
Machine Industry	Auto-mobile	Hyundai Motor Co (Chong Se-yong)	Domestic 15,100	-	81,000 units p.a.	Expansion planned for 730,000 units by 1986
			Foreign 71,000			
		Kia Industrial Co Ltd (Kim Myong-ki)	Domestic 9,300	-	56,000 units p.a.	Expansion planned for 310,000 units by 1986
			Foreign 22,000			
		Saehan Motor Co Ltd (Kim U-chung)	Domestic 22,000	-	68,000 units p.a.	Expansion planned for 500,000 units
			Foreign 2,100			

(Machine Industry, Automobile, continued on next page)

(Table 2 - Machine Industry continued)

Industry	Business Company	Name of Company	Capital	Add'l capital planned	Capacity	Remarks
Machine Industry (ctd)	Auto-mobile (ctd)	Tonga Chadongch'a (automobile) (Ha Tong-hwan)	-	-	-	Newly participating in the manufacture of bus and specially equipped car
	Ship-building	Hyundai Heavy Industries Co Ltd (Yi Ch'un-rim)	Domestic 52,300 Foreign 15,000	-	2 million g.t.	Estimated capacity to be reached by the mid-1980's
		Samsung Choson [shipbuilding] (Yi Un-t'aek)	-	-	300,000 g.t.	Expansion planned for 6 million g.t.
		Korea Ship-building and Engineering Corporation (An Chong-mo)	-	-	200,000 g.t.	
		Daewoo Choson [shipbuilding] (Hong In-ki)	Domestic 87,500 Foreign 12,800	-	1.2 million g.t.	Daewoo Choson is planning expansion into a comprehensive machine plant with an additional investment of 200 billion won.
	Engine	Ssangyong Heavy Machinery (Kim Yong-kuk)	Domestic 14,400 Foreign 2,500	Domestic/ Foreign 500,000 hp p.a.		Exclusively manufacturing engines of 600-6,000 hp
		Daewoo Heavy Industries Ltd (Sim Won-t'aek)	Domestic 190,100 Foreign 21,900	Domestic/ Foreign 72,000 units		Exclusively manufacturing small size engines

(Machine Industry, Engine, continued on next page)

(Table 2 - Machine Industry continued)

Industry	Add'l capital				Remarks
	Name of Business Company	Capital Domestic	planned Foreign	Capacity	
Machine Industry (ctd)	Engine (ctd)	Hyundai Engine Industry (Kim Yong-chu)	Domestic 17,100 Foreign 49,900	900,000 hp p.a.	Exclusively manufacturing heavy engines of 6,000 hp or above but also participating in the manufacture of medium size engines in cooperation with DDA
	Household electrical goods	Gold Star Co Ltd (Pak Sung-ch'an)	Domestic 110,000 Foreign 120,000 B/W TV 1.5 million sets	Refrigerator 350,000 units B/W TV 1.5 million sets	For the next 4 years, additional investment of 40 billion is planned each year.
				Electric fans 550,000 units	
				Color TV 200,000 sets	
		Samsung Electronics Co Ltd (Kang Chin-ku)	Domestic 110,000 Foreign 206,000 B/W TV 1.5 million sets	Refrigerator 300,000 units B/W TV 1.5 million sets	Up to 1982, additional investment of 50 billion is planned each year.
				Electric fan 120,000 units	
				Color TV 300,000 sets	
		Taihan Electric Wire Co Ltd (Ch'oe Hyong-ku)	Domestic 92,000 Foreign 42,000 B/W TV 1 million sets	Refrigerator 300,000 units B/W TV 1 million sets	For the next 4 years, additional investment of 10 billion on average is planned.
				Electric fan 300,000 units	
				Color TV 500,000 sets	

(Machine Industry, Household Electrical Goods continued on next page)

(Table 2 - Machine Industry, Household Electrical Goods continued)

Industry	Business	Name of Company	Add'l		Capacity	Remarks
			Capital planned	Capital		
Machine Industry (ctd)	Household electrical goods (ctd)	Kumho Electronics (Ho Ryon)	-	-	B/W TV 300,000 sets Refrigerator 100,000 units	Currently seeking a linkup for color TV manufacture
	Heavy electrical equipment	Hyosung Heavy Industries Co Ltd (Cho Sok-nae)	Between 1979-1982 a total of 51.8 billion investment planned	Domestic 11,000 Foreign 27,000	Transformers - 7,680 MVA Circuit Breakers 750 units Electric Motors 1,700 MVA	With increasing capital investment for heavy industry facilities, demands are anticipated to grow; and the rate of self-sufficiency in heavy electrical equipment is estimated to reach 50 percent by 1981.
Electronics Industry		Ssangyong Heavy Machinery (Chon Hong-ryol)	Between 1979-1982 investment of 35.4 billion planned	Domestic 2,300 Foreign -	Transformers - 4,000 MVA Circuit Breakers 400 units Witchboards 800 units	
		Hyundai Heavy Electrical Equipment (Kim Yong-chu)	During 1970 additional investment of 6.3 billion planned	Domestic 13,200 Foreign -	Transformers - 2,500 MVA Circuit Breakers 10 units Switchboards 290 units	

(Electronics Industry continued on next page)

(Table 2 - Electronics Industry continued)

Industry	Add'l				Remarks
	Name of Business Company	Capital	capital planned	Capacity	
Electronics Industry (ctd)	Electric wire	Taihan Electric Wire Co Ltd (Ch'oe Hyong-ku)	Domestic 9,600 Foreign investment of 28,000 16 billion planned	Electric wire 46,000 m.t.	Absorbed Kukche Chonson [international electric wire] in a merger
		Gold Star Cable Co Ltd (Ho Chun-ku)	Domestic 17,400 Foreign investment of 20,000 12.4 billion planned	Electric wire 47,000 m.t.	
	Tele- phone	Gold Star Electric Co Ltd (Ku Tu-hoe)	Total assets 18,129	EMD exchange system with 240,000 circuits Telephone 600,000 units	With the change of telephone exchange system from the mechanical system to the electronics, new companies are anticipated to emerge for the manufacture of electronic exchange system. In the in-house switchboard business, Gold Star, Dong Yang, Taihan, and Samsung are competing.
		Dong Yang Precision Co Ltd (Pak Yul-son)	Total assets 27,872	ST exchange system with 180,000 circuits Telephone 340,000 units	

(Electronics Industry, Telephone continued on next page)

(Table 2 - Electronics Industry continued)

Industry	Business	Name of Company	Capital	Add'l capital planned	Capacity	Remarks
Electronics Industry (ctd)	Telephone (ctd)	Hanguk Chonja T'onsin [Korea electronic communication] (Yi Man-yong)	-	By 1984 investment of 66 billion planned	Electronic exchange system with 660,000 circuits per annum	
	Semiconductor	Samsung Semiconductor Inc (Kang Chin-ku)	Domestic 2,400 Foreign 5,000	During 1979 investment of 2 billion planned	IC - 7.6 million units TR - 60 million units	
		Motorola Korea Ltd (?Albert Durak)	-	-	IC - 200 million TR - 767 million	The semiconductor business is still in a developmental stage.
		Taehan Semiconductor (Kim Chong-chin)	Domestic 5,000 Foreign 1,700	During 1979 investment of 1 billion planned	IC 5.3 million	
Chemical Industry	Petrochemical Ethylene	Korea Oil Corp (Yu Chae-hung)	Domestic 12,422 Foreign 43,793	-	155,000 tons per annum	Currently pushing plan for No 3 Petrochemical Plant to meet 1983 demands estimated at 760,000 tons per year

(Chemical Industry, Petrochemical Ethylene continued on next page)

(Table 2 - Chemical Industry, Petrochemical Ethylene continued)

Industry	Business	Name of Company	Capital	planned	Capacity	Remarks
	Petro-chemical Ethylene (ctd)	Honam Ethylene (Kim P'il-sang)	Domestic 79,263 Foreign 186,117	-	350,000 tons per annum	
	PVC	Korea Plastic Industrial Corp (Ho Tong-un)	Domestic 7,193 Foreign 21,722	During 1979-1982 investment of 15.6 billion planned	150,000 tons per annum	With 1983 demands estimated at 452,000 tons per year, industry faces a big shortfall in demand
Chemical Industry (ctd)		Lucky (Ho Sin-ku)	Domestic 5,553 Foreign 5,057	During 1979 investment of 2.5 billion planned	50,000 tons per annum	
		Taihan Electric Wire Co Ltd (Sol Won-yang)	-	During 1979 investment of 9.7 billion planned	100,000 tons per annum	Newcomer
	N Monomer	Tonga Petroleum (Yun Sok-yong)	Domestic 18,736 Foreign 51,389	During 1979-80 investment of 24 billion planned	77,000 tons per annum	1983 demands estimated at 154,000 tons per year

((Chemical Industry continued on next page))

(Table 2 - Chemical Industry continued)

Indu- stry	Business	Name of Company	Capital	Add'l capital planned	Capacity	Remarks
Chemical Industry (ctd)	Caprolactam	Hankook Caprolactam Corp (Yu Pyong-yong)	Domestic 6,200 Foreign 25,000	-	33,000 tons per annum	
		Hyundai International (Chong In-yong)	-	Project to be completed in 1982 with investment of (77.7) billion	100,000 tons per annum	1983 demands estimated at at 120,000 tons per year
	PE (along with VCM)	Korea Pacific Chemical Corp (Yi So-tong)	Domestic 28,033 Foreign 106,468	Add'l investment of (2.9) billion by 1980 planned	150,000 tons per annum	1983 demands estimated at 326,000 tons per year
PP	Korea Petrochemical Ind Co Ltd (Yi Chong-ho)	Domestic 2,099 Foreign 14,289	Domestic/foreign 8,608	45,000 tons per annum		1983 demands estimated at 252,000 tons per year
	Honam Petroleum (Chang Chi-su)	Domestic 62,884 Foreign 135,029	-	80,000 tons per annum		

(Chemical Industry continued on next page)

(Table 2 - Chemical Industry continued)

Indu- stry	Business Company	Name of Company	Capital planned	Capacity	Remarks
SBR	Korea Synthetic Rubber Industry Co Ltd (Yi Chong-hwan)	Domestic	2,066	50,000 tons per annum	1983 demands estimated at 133,000 tons per year
		Foreign	7,760		
		15,705			
		PS	Hannam Chemical (Im Ch'ang-ok)	Domestic	1,028
Foreign	78,696				
135					
Tire	Han Kook Tire Mfg Co Ltd (Chang Son-kon)			Domestic	During 1979-82
		Foreign	Invest- ment of domestic/ foreign capital totaling 40.6 billion planned		
		18,555			
		Kumho Tire (Pak Sang-ku)	Domestic	During 1979-82	3.63 million tires
Foreign	Invest- ment of domestic/ foreign capital totaling 39.3 billion planned				
19,784					

Chemical Industry (ctd)

(Chemical Industry continued on next page)

(Table 2 - Chemical Industry continued)

Industry	Business	Name of Company	Capital	Add'l capital planned	Capacity	Remarks
Chemical Industry (ctd)	Fertilizer	Korea General Chemical Corp (Paek Son-yop)	Domestic 6,822 Foreign 105,893	-	470,000 tons per annum	
		Namhae Chemical (Yi Won-yop)	Domestic 84,985 Foreign 242,803	Domestic/ foreign totaling 17.4 billion	1.03 million tons p.a.	
	Soda ash	Dong Yang Chemical Co Ltd (Yi Su-yong)	Domestic 10,948 Foreign 11,860	Domestic/ foreign capital totaling 8.6 billion	210,000 tons per annum	
	Cement	Ssangyong Cement (So Chong-t'aek)	Domestic 94,066 Foreign 95,845	Domestic/ foreign capital totaling 6,693.7 billion	7.98 million tons per year	
Chemical Industry (ctd)		Tong Yang Cement Mfg Co Ltd (Ko Won-yong)	Domestic 30,906 Foreign 30,221	Domestic/ foreign capital totaling 6,204.7 billion	2.55 million tons per year	
		Asia Cement Mfg Co Ltd (Yi Pyong-mun)	Domestic 20,812 Foreign 24,390	Domestic/ foreign capital totaling 770 billion	1.5 million tons per year	

(Chemical Industry, Cement continued on next page)

(Table 2 - Chemical Industry, Cement continued)

Industry	Business	Name of Company	Capital		Capacity	Remarks
			Domestic	Foreign		
Chemical Industry (ctd)	Cement (ctd)	Hanil Cement Mfg Co Ltd (Ho Ch'ae-kyong)	Add'l capital planned		2.1 million tons per year	The Dong-A Construction group is expediting a plan for the construction of a new plant with annual production capacity of 1 million tons
			Domestic	Foreign		
			7,628	35,503		
			Foreign capital totaling 306.2 billion			
Chemical Industry (ctd)	Cement (ctd)	Hundai Cement Co Ltd (Pak T'ae-hwa)	Domestic		1.17 million tons per year	
			Domestic	Foreign		
			5,983	8,093		
			Foreign capital totaling 4,597 billion			
Chemical Industry (ctd)	Cement (ctd)	Sung Shin Cement Ind Co Ltd (Kim Ch'ang-su)	Domestic		1 million tons per year	
			Domestic	Foreign		
			19,303	45,955		
			Foreign capital totaling 73.5 billion			
Chemical Industry (ctd)	Cement (ctd)	Hyundai International (Chong In-yong)	Domestic		1 million tons per year	
			Domestic	Foreign		
			7,453	11,850		
			Foreign capital totaling 1,680 billion			
Chemical Industry (ctd)	Cement (ctd)	Koryo Cement (Kim Sok-hwan)	Domestic		600,000 tons per year	
			Domestic	Foreign		
			4,593	13,378		
			Foreign capital totaling 175.9 billion			

(Chemical Industry continued on next page)

(Table 2 - Chemical Industry continued)

Industry	Business	Name of Company	Capital	Add'l capital		Remarks
				planned	Capacity	
Chemical Industry (ctd)	Plate glass	Hankuk Glass Industry Co Ltd (Hong Tae-sik)	Domestic 6,598 Foreign 23,163	Domestic/ foreign capital totaling 3,540.3 billion	3.4 million c/s per year	Expediting construction of No 3 Plant at Kunsan
	Oil Refining	Korea Oil Corp (Yu Chae-hong)	Domestic 29,889 Foreign 102,044	Expanding for 150,000 barrels per day by 1981	280,000 barrels per day	Began in 1979 constructing one refinery a year with daily capacity of 150,000 barrels
Energy Industry		Nonam Oil Refinery Co Ltd (Ku P'yong-hoe)	Domestic 12,147 Foreign 78,647	Expanding for 150,000 barrels per day by 1981	230,000 barrels per day	
		Kyun In Energy Co Ltd (Kim Chong-hui)	Domestic 6,000 Foreign 133,155	Expanding for 100,000 barrels per day by 1981	60,000 barrels per day	
		Han-I Petroleum (Yi Sung-won)	Domestic 105,693 Foreign 117,214		60,000 barrels per day	

(Energy Industry continued on next page)

(Table 2 - Energy Industry continued)

Industry	Business	Name of Company	Capital assets	Capital planned	Add'l capital	Capacity	Remarks
	Electric power	Korea Electric Company (Kim Yong-chun)	Total assets 1.64 trillion			Expanding 6.95 million kw facilities for 20.54 million kw by 1986	With investment of 5.32 trillion, constructing by 1986 a total of 38 power stations including 22 thermal, 4 hydro, 7 nuclear, 1 tidal power stations and 4 pumping stations

(End Table 2)

The Hunting Ground of Zaibatsu

Along with the onrush of the heavy and chemical industries, the advance of the financial circles into the construction industry is even more dazzling. The construction industry used to be an area where one could do business only if one could get a ride on the political coattails; thus the idea came to prevail that the construction industry was out of bounds for an ordinary businessman. In the 1950's the Liberal Party's five-man group (Hyundai Construction, Dae Dong Industry Co. Ltd., Kuk Dong Construction Co. Ltd., Central Mill Supply Co. Ltd., and Daelim Ind Co. Ltd.) was the construction industry champion; in the 1960's the baton passed to Hyundai, Daelim, Sambu Construction, Dong-A Construction, Hwail, Saman, Sam Whan Corporation, Poong Jun, and P'yonghwa Konop; but in the mid-1970's, that is, when the winds of Mideast boom began blowing in this land, every zaibatsu began hungering for a piece of the boom. Of the zaibatsu, those with real power came to have under their wings two or three construction companies or companies with a potential for the construction business. All of the 21 general trading companies, for their overseas construction contracts, have come to have one of two construction companies of their own.

The rush of the financial circles into the construction industry peaked as the Ministry of Construction on 13 October 1977 began issuing licenses for the overseas construction business. It was about this time that some 50 construction companies were absorbed into zaibatsu organizations. Everyone with money started looking for construction companies, and the ownership of practically every construction company changed hands. Thus the construction business became the hunting ground of zaibatsu. Among the zaibatsu which at the time took over construction companies or established new ones are: Samsung, Lucky, Daewoo, Saangyong, Hanil Synthetic Fiber, Kumho & Co. Inc., ICC, Samhwa Co. Ltd., Hyosung, Chin Yang Chemical, Taihan Textile, Miwon, Baik Wha Brewery, Sun Chang Industrial, Tongkook Trading, Samdo Trading, Lotte, Kolon, Woonpoong Industrial, Choong Nam Spinning, Tong Yang Cement, Taihan Electric Wire, Korea Shipbuilding & Engineering Corporation, Korea Hapsun, STC Inc., Dae Dong Industrial Co. Ltd., Young Poong Corporation, Namsun Moolsan, Korea Plywood Mfg Co., Ltd. Wielding its power, every zaibatsu swallowed up one or two construction companies, so much so that anyone failing to have at least one construction company could not even rank among zaibatsu.

Thus the construction companies could no longer afford to confine their activities to the narrow domestic market alone, and they are now active in the international arena throughout the Five Oceans and Six Continents. In the past, the ranking of construction companies was determined by the domestic construction contracts they won but now the overseas construction contracts awarded them have become the criteria for measuring their spheres of influence and their territories.

To take a look at the outstanding overseas construction contracts as of the end of 1978: Hyundai Construction was leading with \$4.368 billion, followed by Dong-A Construction with \$1.35 billion, Daelim Industrial with

\$1.209 billion, Sam Ho Housing & Construction with \$391 million, Keang Nam Enterprises with \$584 million, Sam Whan Corporation with \$382 million, Han I Development with \$320 million, Kong Yung Construction with \$411 million, Kuk Dong Construction with \$381 million. This is a graphic indication of the state of the construction companies concerned.

The Diversified Energy Industry

In the energy industry, too, it is big zaibatsu corporations that attract attention. In the oil refining business, there are four companies: Korea Oil Corporation, Honam Oil Refinery (affiliated with Lucky), Kyong In Energy (affiliated with Korea Explosive), and Han-I Petroleum (affiliated with Ssangyong). They are all companies either government-funded or affiliated with zaibatsu. As it proved that the four refineries were not enough to meet the demand, the government began soliciting applications for public subscription to a fifth refinery. At first it seemed as if there would not be any significant number of applicants but as the closing date draws near, there is a rush in filing the applications.

For the fifth refinery, ranking zaibatsu such as Hyundai International, the Hyosung group, Korean Air Lines, and Dong-A Construction have already filed their prospectus, and it is also known that the Samsung group is quietly conducting a survey to determine if the refinery will be a profitable business proposition. As recently as last summer the Ministry of Energy was having difficulty on account of lack of applicants for the fifth refinery. The D group and the H group, despite their initial interest, were dragging their feet. Under the circumstances, in an attempt to whet the appetite of prospective companies, the Ministry of Energy even went to the extent of offering applicant companies a premium in the form of special consideration for them to participate in the petrochemical industry which was attracting a popular interest at the time. At such a time it was Hyundai International, a new face, which jumped into the oil refining business, and then others followed. The zaibatsu psychology of profit motives is strange indeed.

The electric power industry, which forms the core of the energy industry along with oil refining, is monopolized by state-operated Korea Electric Company. The financial circles are demanding the restoration of the electric power industry to civilian management on the one hand and are competing in the manufacture of power generating equipment on the other. Previously Hyunda, Daewoo, and Hyundai International proposed the construction of civilian thermal power stations but as the manufacturing business of power generating equipment became diversified, they are quietly backing out of their proposals.

Under the policy for diversifying the sources of energy, liquefied natural gas is being highlighted as a substitute energy for oil.

In this business, Kyung Nam Enterprise, which has taken over the business of (?Pritchard) of the United States, the world authority on liquefied

natural gas, and the Hyundai and Daewoo groups are vying with each other even in surveying the prospects of the business.

Recently, as the solar energy industry came to be considered as a growth industry, some 20 corporations centered around such outstanding zaibatsu as Samsung, Lucky, Hyundai, and Daewoo have ventured into the business of utilizing solar energy such as heat collectors and solar cells (solar electricity). Samsung Electronics, establishing a solar energy department, began manufacturing metal heat collectors, and Lucky, plastic heat collectors. Hyundai, through the industrial technical research institute under its wing, is expediting the production of high-intensity light and heat collectors. Meanwhile, Daewoo is pushing for technical cooperation with Westinghouse of the United States, and Hankuk Glass and Yulsan Aluminum have embarked on tagging material resources for cold-resistant glass. In addition, Hanguk Solar Energy, Seohung Industrial Co. Ltd., Hanyong Aluminum have advanced into the business, but there is no doubt that just as it happened in the case of cash registers, it will not be long before the weaker are eliminated through the process of selection.

Under the Banner of Promotion of Exports

Now, let us turn to the export business. The export business, with every possible aid promised under the banner of promotion of exports, has been highlighted as the most promising growth industry. Under the whip of a strong export drive, the export industry has been turned into a sacred ground, and the export companies, even as they complained about their hardships, have accumulated great wealth, by any standard. The outcries of the export companies that they are running a losing business are clearly complaints stemming from force of habit.

Exports for 1962, the year the first 5-year plan began, amounted to \$54.81 million. Exports for 1978 reached \$12.7 billion. Which is a miraculous 25-fold growth in 16 years. In proportion to its outside growth, the export industry has consolidated its inside as well. Nevertheless, the export companies, every time they open their mouth, complain about their hardships. This is so because they can get more aid only if they complain. Therefore, the export business is an industry that has grown amid the aid and protection of the government such as export financing, reduction or exemption of taxes, import of the necessary raw materials, and other administrative help.

Major companies in the initial period of the export industry were Chunusa, Samho Trading, Tong Myong Timber, Hanguk Saengop, Young Poong Trading. Subsequently, Samsung Co. Ltd., Seoul Trading Co. Ltd., Hanil Synthetic Fire, Samdo Trading, Union Steel Mfg Co. (burned out in a flash) began pushing their way into the business, and more recently they have changed their signboard to general commercial companies. In step with the growth of the economy, major export items changed, which in turn changed again. Thus in the export industry amid its extreme rise and fall occurred the tragic case of Samho and the myth of Daewoo.

The export industry gave birth to general commercial companies which have grown into enormous zaibatsu unprecedented in the economic history of Korea. The general commercial companies lead the export industry, champion the financial circles, and symbolize wealth. The great general commercial companies--Samsung Co. Ltd., Daewoo Industrial Co. Ltd., Hyundai Corporation, ICC Corporation, Hyosung Corporation, Ssangyong, Samhwa, Bando Sangsa Co. Ltd., Kumho & Co. Ltd., Sunkyoung Ltd., Hanil Synthetic Fire--are the 11 zaibatsu champions representing the financial world of Korea.

Let us turn to the financial world. Here again, it is the same faces that rule it.

Essentially, zaibatsu or Konzern assumes the form of a financial Konzern as the representative form. The financial Konzern manifests itself in the form of systematization of financial dominance represented by banking houses. The financial institutions prevail in the financing of enterprises both in terms of aiding in production and of mobilizing funds and distribution, and ultimately, lord over the companies under their systems in the form of a holding company. Centered on the banking houses, zaibatsu enterprises branch out.

But in our case, the situation is somewhat different. Following the May 16 [military coup] the zaibatsu holdings in banking houses were nationalized, thus cutting their road to ruling the banking houses (the first financing source). Thereupon, the zaibatsu were compelled to turn their eye to a secondary source of financial power. Insurance companies were the first to attract their eye. Insurance companies are no match for banking houses, but still, the zaibatsu made the insurance companies work as a financing window, as a financing source, for the companies under their systems. Moreover, as the export business made a dramatic growth and the Korean economy was internationalized, the insurance business became a growth industry with promises for expansion into a leading industry. That is why the zaibatsu early converged on this industry. The ruling system has been established in the insurance business by zaibatsu such as the Samsung group at the top, Hanjin (Cho Chung-hun), Shin Il (Kim Ch'i-pok), Lucky, Ssangyong, Sin Tonga (Ch'oe Sun-yong), Korea Explosive, Daehan Flour Mills, STC Inc. (Ch'oe Chun-kyu), Daewoo, Tai Kwang Ind (Yi Im-yong), Cho Yang Shipping Co. Ltd. (Pak Nam-kyu).

The Same Old Faces

What exists in the insurance business applies to the securities business too. As the zaibatsu had already taken over the insurance business as a substitute for banking houses, the latter day zaibatsu converged on the securities business, an undeveloped area. It also so happened at the time that under the government policy for promoting to make the enterprises go public, the zaibatsu could no longer avoid going public, and for this reason alone, it was necessary to have their own securities companies to control the stock of shares of the companies under their own system.

It was in the latter half of the 1960's that the zaibatsu began in real earnest to advance into the securities business. Initially, they advanced into the securities business by forming new companies but later, they bought existing securities companies outright. Thus most of the existing 27 securities companies were acquired by the zaibatsu.

The securities companies play a really big role within the zaibatsu groups. They control the stock of shares of the companies under the zaibatsu systems and at times, are in a position to quietly deal with the question of inheritance tax of zaibatsu leaders. Thus securities companies became a popular target of the financial world. To take a look at the advance of the financial circles into the securities business: Hyundai, Daelim, Hanjin, Hanil Synthetic Fiber, ICC, Hyosung, Korea Explosive, Lucky, Choong Nam Spinning, Daewoo, OB, Dongkuk Steel Mill--practically all of the outstanding zaibatsu have their own securities companies. (Table 4)

The zaibatsu also gained their monopolistic grip on financing companies including short-term financing companies which began developing in the 1970's. Short-term financing companies major in short-term financing to fill the needs of private financing, on a term much shorter than the commercial loans granted by the banks and as such, the short-term financing companies began with the positive participation of the zaibatsu groups. General financing companies began from the beginning with the participation of large corporations in the form of auxiliary financial institutions performing the role of filling the gaps between various mechanisms in the financial market.

To take a look at the genealogy of short-term financing companies: Seoul Trust and Bank, STC, and Sammisa are the major stockholders of Seoul Investment Co.; OB (Pak Yong-kon) and Pomyang Chonyongson (Pak Kon-sok), of Hanyang Investment Co.; Dae Won Sa Company affiliated with Dongkuk Steel Mill (Chang Sang-t'ae), Bu San Steel, and Choson Sonjae, of Chungang Investment Co.; Kumho & Co. Inc., Kwangju Kosok, and Hungguk Life Insurance, of Kwangju Investment Co.; Daewoo and Hanchang Textile, of Tongyang Investment Co.; ICC and Tongso Securities, of Tonghae Investment Co.; Tong Myong Timber (Kang Sok-chin) and Pusan Bank, of Pusan Investment Co.

The same also applies to general financing companies: Kukche [Finance Co.] was formed with capital funds from Hyundai Construction and Hyundai Heavy Industries; Hanguk Chonghap Kумыung, with funds from Daewoo and Chonbang; Saehan Chonghap Kумыung, with funds from Industrial Bank and Sambo; Asia Chonghap Kумыung, with funds from Taihan Textile (Sol Won-sik) and Taehan Chonghap Konsol; Hanbul Chonggum, with funds from Korea Air Lines and Hanjin. Moreover, all local banks have been established by zaibatsu, which are now extending their tentacles even to small loan credit associations.

Table 3 - The State of Insurance Companies and Their Major Stockholders

Name of Company	Major Stockholders
Tongyang Hwajae [Fire]	Hanjin group
Taehan "	Kim Ch'i-pok
An'guk "	Samsung group
Pomhan "	Hoyu [Honam Oil Refinery] and Lucky group
Koryo "	Ssangyong group
Haedong "	
Sin Tonga "	Sin Tonga group
Kukche "	Daehan Flour Mills
Cheil "	Korea Explosive
Tongbang Haesang [Marine]	STC group
Chaebo Kongsu [reinsurance corp]	Government, Sonbosa [surety co], and financial institutions
Pojung Pohom [surety insurance]	Sonbosa
Tongbang Saengmyong [Life]	Samsung group
Taehan Kyoyuk Pohom [educ. ins.]	Sin Yong-ho, the Daewoo group
Taehan Saengmyong	Sin Tonga group
Hungguk "	Tai Kwang Ind Co Ltd
Tonghae "	STC group
Cheil "	Cho Yang Shipping Co Ltd

(End table 3)

Table 4 - The State of Securities Companies and Their Major Stockholders

Name of Company	Major Stockholders
Taehan Chungkwon [Securities]	Sinil Chaedan [foundation]
Hansin "	5 banks in the city
Taesin "	Miwon, Hai Tai
Tongyang "	Daewoo Industrial, Hanguk Investment
T'aep'yong "	Sam Yang Co Ltd
Seoul "	Daelim Industrial Co Ltd
Hanyang "	Hanyang Chaedan
Hanil "	Hanjin group
Konsol "	
Taebo "	19 insurance companies - fire, life, and other
Puguk Chungkwon	Hanil Synthetic Fiber
Taeyu "	Masan Textile
Tongnam "	OB, Kolon, and Pomyang Chonyongson
Kukche "	Lucky group
Hanhung "	Choong Nam Spinning
Sinhung "	
Taedu "	50 per cent by Dongkuk Steel Mill
Tongbang "	Korea Silk
Kukil "	Partial investment by Hyundai group
Tonghwa "	Tae Hwa
Ilguk "	
Yuhwa "	
Hyosung "	Hyosung
Tongso "	ICC Corporation
Sambo "	
Sinyong "	
Songdo "	Korea Explosive

(End Table 4)

Every Corner Reviewed

Up to now we have reviewed Korea's industry, that is, every corner of Korea's economy. We have seen that with each passing day, the monopolistic capital consolidates its monopolistic grip on enterprises and the monopolistic zaibatsu solidify their ruling systems for industry. The history of Korea's financial world is 30 years old at the most, and taking a long view, it is no more than 35 years since liberation. Under Japanese imperialism, every industry had been under its control and what little there was, was completely reduced to ashes by the June 25 [war]. What has made it possible to accumulate today's remarkable wealth within such a short span is the aid and protection of the government, the politically oriented business activities of the financial circles and their monopolistic grip on industries. With the misguided industrial policy and distribution policy added to this, the form of Konzern was early formed.

To take a look at the current state of capital, industry, and business concentration of the major zaibatsu: Leading the field is the Lucky group with 43 companies; followed by Daewoo with 34 companies; Samsung with 33 companies; Hyundai with 31 companies; Korea Silk (Samhwa) with 30 companies; Hyosung with 24 companies; Sunkyoung with 23 companies; ICC Corporation with 22 companies; Ssangyong with 20 companies; Kumho with 19 companies; Kolon with 22 companies; Taihan Electric Wire with 22 companies; Lotte with 18 companies; Dongkuk Steel Mill with 17 companies; STC Inc. with 17 companies; Pyoksan with 16 companies; Hanjin with 15 companies; Kia Industrial Co. with 13 companies; Whashin Industrial (Pak Hung-sik) with 12 companies; Dong-A Construction with 12 companies; Dainong with 11 companies; Daelim Industrial with 9 companies; Hanil Synthetic Fiber with 8 companies. Even Yulsan, which recently went bankrupt amid a scandal, has 14 companies under its wing. (Regarding the dark inside that revealed itself while the Korean zaibatsu were accumulating their wealth, let us leave the lid on.)

These 30-plus monopolistic zaibatsu groups, each with 10-30 companies under their wings, are reaching the threshold of monopoly on production, monopoly on industry, going beyond the realm of monopoly on capital, monopoly on market.

The monopoly of Korean zaibatsu on capital, on enterprise, can be classified into three categories: The first category is the enterprise management after the department store style, that is, indiscriminately penetrating all industries. This is known as horizontal monopoly. As in step with the economic development, the businesses of intermediate goods, raw materials, and capital goods develop, the second category seizes a grip on the entire production process from raw materials to intermediate products to finished products. This is known as vertical monopoly. The third and last category, holding the export industry as an indispensable condition as the Korean economy became internationalized and open, has added financing as the ultimate control tower for the enterprises under its systems.

Today, the Korean zaibatsu has created self-sufficient monopolistic capital encompassing finance, export, and production. This may be regarded as an epitome of monopolistic capitalism.

S. KOREA/ECONOMY

ENERGY-SPENDING PLANS FOR YEARS 1979-1991 ANNOUNCED

Seoul HAPTONG in English 0112 GMT 6 Aug 79 SK

[Text] Seoul, Aug. 6 (HAPTONG)--South Korea will invest a total of 26,897 billion won (about 53.7 billion dollars) in the development and stockpiling of energy sources between 1979 and 1991.

This was revealed in a long-term investment plan for energy sources worked out by the government authorities concerned last week.

According to the plan, 4,507 billion won will be invested during the 1979-1981 period, 8,541 billion won during the 1982-1986 period and 13,849 billion won during the 1987-1991 period.

During the plan period, 16,225 billion won will be invested in various power generating projects such as the construction of power plants and expansion of power transmission-distribution facilities.

Of the total investment scale, 1,310 billion won will be used for the import of crude oil and oil products during the plan period, and 1,221 billion won was earmarked for the stockpiling of crude oil, government sources said.

The sources disclosed that 1,280 billion won will be invested in domestic production and import of anthracite coal during the plan period, while 450 billion won will be used for the import of soft coal.

Besides, the plan calls for investment of 1,815 billion won in overseas development projects of energy sources, 3,683 billion won in the development of new energy sources, 1,815 billion won in the development of liquified natural gas and 357 billion won in various projects designed to rationalize the use of energy, the sources added.

CSO: 4120

S. KOREA/ECONOMY

'KOREA TIMES' COMMENTS ON UNEMPLOYMENT PROBLEMS IN ROK

Seoul THE KOREA TIMES in English 21 Jul 79 p 2

[Editorial]

[Text] The government is asked to seek effective measures to solve unemployment problems resulting from the dismissal of workers at some industrial complexes across the country, including some large industrial establishments.

We are more and more concerned about a marked tendency of industrialists to suspend or even close down business, because of the present business difficulties.

Statistics reveal that some 5,000 workers have lost their jobs this year from a total of 746 business establishments belonging to the industrial complexes across the country.

Twenty-two firms in these industrial complexes have suspended business and two have closed down in the face of the current economic turmoil.

We cannot but take such a conspicuous tendency seriously, calling upon the economic authorities to seek a remedy for it before things get worse.

Besides, it is said that large-scale business firms are seeking to reduce employment in one form or another.

Even without discharging their workers, the managements of these firms are transferring assignments, with some workers shifted to miscellaneous posts due to business reshuffles depending upon specific workshops.

In this way, actual dismissals are taking place even at major industrial firms under the current national economic circumstances as industrialists are trying hard to adapt themselves to the worsening business developments as much as possible.

According to figures made available by the Economic Planning Board, the unemployment ratio is four percent at present, compared with 3.6 percent during the first-quarter period.

In consideration of seasonal and other factors, the economic authorities seemingly do not take this ratio of unemployment seriously.

In addition, the economic authorities remain rather optimistic about the employment problem with a slight decline indicated by the statistics on the ground that the government is putting pressure on the business people not to discharge their workers arbitrarily, despite their business difficulties.

It is for this reason that the related authorities anticipate no further deterioration as far as the unemployment problem is concerned.

Whatever the government view may be, the question is the actual happenings visibly taking place around us at industrial workshops throughout the country.

More industrialists are unable to pay wages on time, constituting a major social problem by itself.

New employment is also strictly restricted, reflecting a striking state of unemployment even at major business firms.

We can hardly overlook such a tendency connected with the employment issue, which immediately affects the lives of the working masses.

Keeping the already adverse unemployment issue in mind, the economic authorities are urged to map out an overall plan to fight it, seeking to revitalize export industries as well as businesses manufacturing daily necessities, among other things, in such a way as to maintain a due level of employment.

This should be coupled with unnecessary measures to support industrialists facing extreme hardships inevitably leading to mass unemployment.

It should be stressed that the stringent economic policy itself should not be rigid, unless the unemployment problems are desirably managed by the economic authorities before it is too late.

CSO: 4120

S. KOREA/FOREIGN TRADE

ROK MINISTER REPORTS ON OIL EXPLORATION, IMPORT PLANS

Seoul HAPTONG in English 0102 GMT 30 Jul 79 SK

[Text] Seoul, July 30 (HAPTONG)--Energy-resources Minister Chang Ye-chun said over the weekend a final detailed exploration work to determine a drilling point on the Korea-Japan continental shelf was expected to start in two months as the negotiation on the fishing right issue between Japanese concessionaires and Japanese fishery associations has made some progress.

Testifying before Saturdays House commerce-industry panel, Chang said the Japanese concessionaires of mining zones and major Japanese fishery associations have made some progress in their negotiation over the adjustment of private fishing operations in the affected waters, a major hurdle blocking a joint development of the Korea-Japan continental shelf under the bilateral treaty of 1974.

He also told the panel the government would seek to expand the scale of the direct import of crude from oil-exporting countries to supply enough crude to the domestic oil refineries whose capacity will be considerably expanded by 1981.

To this end, the government has already sounded out the governments of oil-producing countries in South America, the Middle East and Asia on the possibility of direct imports and that their prospect was encouraging.

He disclosed the domestic oil refining capacity would increase by 60,000 barrels this year with the operation of a new joint refinery between Korea and Iran and all in all, this capacity would be boosted by 400,000 barrels by 1981.

The energy chief told the lawmakers the government was not going to institute a gasoline rationing system for private cars as it would entail needless budget and manpower.

CSO: 4120

N. KOREA/ECONOMY

STATE OF DPRK TRACTOR INDUSTRY DESCRIBED

Pyongyang FOREIGN TRADE in English Jul 79 pp 6-7

[Excerpts] "Tractor industry of Korea is developing at an unimaginably high speed", people said.

These words are by no means groundless.

The Kumsong Tractor Plant produces every year tens of thousands of efficient tractors including the universal tractor model "Chollima" of 28 hp and tractor model "Pungnyon" of 75 hp for agriculture, and tractors for forestry, sloping fields and paddy fields.

The modernization of both the September 25 Tractor Factory and "Chungsongho" Tractor Factory producing small-size tractors has been vigorously progressed.

These factories are producing 16 hp tractor model "Chonjin", 8 hp tractor model "Chungsong" and other small-size tractors on a big scale.

These tractors are quite convenient and efficient for various kinds of farm work and transportation in the in-between and mountainous areas.

As the tractor industry progresses rapidly, the number of tractors per acreage under cultivation increases swiftly in our country.

The number of tractors per 100 hectares of cultivated land reached already 6 in plain areas and 5 in the in-between and mountainous areas at the end of the last Six-Year Plan.

Last year the number of tractors supplied to the rural areas was 1.2 times over the previous year and this year more tractors are supplied.

At the end of the new long-term plan period the number of tractors per 100 hectares of cultivated land will be 10.

This bespeaks that our country will virtually rank among the most advanced countries of the world in the number of tractors per hectares of cultivated land.

The export of tractors is also on the rapid increase.

The tractors being exported in large quantities are well received abroad for their high efficiency and the demand for them is continuously growing. This year many countries have asked for our tractors.

This year our country is exporting tractors 1.5 times more than last year.

During the Second Seven-Year Plan period we plan to increase their export 6.6 times.

There will be a considerable change in the variety of export tractors.

Our country has all conditions and possibilities of continuously increasing the output and export of tractors.

First of all, our country has the solid foundation of machine building industry and the mighty production potentiality of the tractor industry.

The enormous amount of state funds is continuously invested in the tractor industry.

The production and export goals of tractors envisaged in the new long-term plan are being successfully attained.

Of late, the Kumsong Tractor Plant has succeeded in designing and producing tractors of 32 hp more serviceable than tractor model "Chollima-28" while lessening their weight by 10 per cent and considerably lowering the number of parts.

Based on the attained successes this plant has entered the last stage for the production of new tractors of 37 and 50 hp.

A factory specializing in the production of tractor engines is also being built with the latest technical equipment.

This shows that our tractor industry has shining prospects for export.

In the new long-term plan period our tractor industry will greatly contribute not only to modernization and industrialization of our rural economy but also to the development of foreign trade by making new leaps forward again.

CSO: 4120

BRIEFS

CEMENT OUTPUT--Pyongyang July 23--The nation's cement output in the first half of the year was 30 per cent above the figure in the comparable period last year. The Sunchon cement factory with an annual capacity of 3 million tons overfulfilled as of June 10 its first half year plan which was more than twice as high as that in the like period last year. The factory has normalised production on a high level by increasing the raw material crushing capacity 20 per cent and keeping the installations in full-capacity operation. The February 8 cement factory hit the first half year target 20 days earlier than schedule by overfulfilling the monthly plans on all indicators from the first month. In July also it maintains a high level in its normal production. The workers at kiln No. 4 are topping the daily quota of clinker by more than 600 tons. Production is on the rise at the Sunghori, Chonnaeri and Komusan cement factories, too. Our country exports a great quantity of cement after fully meeting the demand of vast-scale capital construction. Last year witnessed a 32 per cent jump in cement production above the 1977 mark. [Text] [Pyongyang KCNA in English 1346 GMT 23 July 79 SK]

CSO: 4120

N. KOREA/SOCIAL CONDITIONS

'RENMIN RIBAO' CARRIES REPORT ON VISIT TO KOREA

Beijing RENMIN RIBAO in Chinese 20 Jul 79 p 5 HK

[Article by Sha Ying [3097 5391]: "The Power of Ideological and Political Work--Third in a Series of Reports on a Visit to Korea"]

[Excerpts] During our visit to Korea, whenever we met a group of children while driving through Pyongyang or remote villages, they always waved their hands to welcome us. Even when we came across a few children in the rain, they also bowed to us respectfully and greeted us. In the theater, no one smoked and no litter was left on the floor. When the show ended, there was no sign of hustle and bustle and the audience left quietly and orderly. In the cities, we saw no one idling about and no litter scattered all over the streets. All factories, public offices, schools and other public places were clean and there was no sign of spitting on the ground. The people, men and women, old and young, are neatly dressed. They wore clothes of a national style, beautiful in color and design. No one was wearing outlandish clothes.

We were deeply impressed by the Korean people's love for labor and taking labor as a glorious, heroic task. At the end of the Korean war for national defense, some U.S. imperialist prophets said that the city of Pyongyang had been written off the map and could not be rebuilt in a century. However, only 20 years have passed and Pyongyang has been rebuilt into a modern city accommodating more than 1.2 million people. Rows of houses about 10 stories high stand among the green trees, with their outer walls paved with colored tiles. They look magnificent and beautiful. In the countryside, the thatched cottages have been replaced by tile-roofed huts or two-story residences. We visited Korea during the season for transplanting seedlings. Practically the whole country had been mobilized. In addition to the people in the countryside, even the office personnel, students and residents of urban areas, including senior cadres, had to participate in voluntary labor in the countryside for about 10 days until all seedlings had been transplanted. Near the place where we lived, a large-scale maternity hospital was being built (reportedly it had about 2,000 beds). A special building construction team was responsible for the major work. A large group of cadres and masses were intensively doing voluntary labor at the work site

day and night, even on rainy days. Especially at night, the work site was well lit and people were singing loudly and working enthusiastically. The scene was like a war-ridden battlefield. When we first came to this site, the project was at the stage of clearing the worksite. When we left for home some 20 days later, the building had been completed to the third floor.

The Korean people have a warm love for study. Korea is known as "a country of study." We visited nurseries, kindergartens, primary and middle schools and universities. We were attracted by the magnificent and beautiful school buildings, the full-range teaching aids and, in particular, the strong atmosphere and excellent results of study. In Korea, a system of 11-year compulsory education has been in force since 1972. The new generation of the whole country is studying under the state's care. Close attention is also paid to education for cadres. Cadres at all levels are detached from their posts and study in regular schools for 1 month every year. Usually, they study politics for half a day on Saturdays, attend a 2-hour report meeting on Wednesdays and carry out private study for 2 hours every day. They are often organized to visit factories and villages to learn science and technology, management experience and methods of work so that they can integrate theory with reality and study with production practice.

What we saw and heard showed that the Korean people were educated, polite, clean and public-spirited and had fine social ethics and good moral character.

Why did they have fine social ethics and good moral character? In our opinion, this was a result of the persistent efforts of the Korean Worker's Party to carry out ideological and political work to heighten the people's consciousness on the material basis of flourishing national economy and continuous improvements in the people's livelihood. In many of his brilliant works, such as "The Program of Socialist Education" published in 1977, Comrade Kim Il-song, the great leader of the Korean people, stressed the importance of political and ideological education and gave clear-cut instructions on the content, method and system of socialist education. He often visited schools and social education institutes at all levels and gave on-the-spot instructions. When the party's leading comrade pays such close attention to ideological and political work and is so much concerned about the growth of children and teenagers, other leaders of the party, the government and the army at all levels and the mass organizations responsible for the work on youth and women and for cultural work will naturally pay similarly close attention to ideological and political work and firmly carry out the party's educational policy.

While strengthening ideological and political work, the Korean comrades pay particular attention to intensifying education in revolutionary traditions and communist ethics. The children and teenagers know very little about the price their forefathers had to pay for their happy life today and how the revolutionary martyrs and forerunners and their parents lived and struggled in the past. They even do not know what straw sandals and thatched

cottages are. It is highly essential to give them this education so that they will not forget the hard lives their elders led in the past, so that they will always remember that their fatherland is not yet united and so that they will love their fatherland more warmly today. This is a matter of major importance for the success of the communist cause. For this reason, education is conducted by teaching political lessons in all schools, in plays and movies, and by organizing the students to participate in literary and artistic performances, to pay visits and to join in other social activities.

While conducting education in revolutionary traditions and communist ethics, the Korean comrades pay particular attention to the use of public media. They stress that the journalist, publishing, film-making, literary and artistic circles are shouldering an important task. The Korean newspaper NODONG SINMUN pays close attention to propaganda on education in revolutionary traditions and communist ethics and has established the department for education in revolutionary traditions, the communist education department, the theoretical propaganda department and the party life department and charged them with publicizing of this education. These departments often publish revolutionary memoirs, citing good people and good deeds and publicizing the heroes and models. Education conducted by the mass media plays an enormous role in changing the old habits, establishing new practices and cultivating fine moral character.

CSO: 4205

N. KOREA/FOREIGN RELATIONS

BRIEFS

BELJING OPERA IN PYONGYANG--Pyongyang July 23--The Chinese Beijing Opera Theatre delegation gave a performance at the Pyongyang Grand Theatre on July 22 in honour of the Diplomatic Corps. Invited there were diplomatic representatives and staffers of various embassies in Pyongyang. Personages concerned Chang Chol and working people in the city appreciated the performance in their company. Also seeing the performance were Liu Yan, charge d'affairs ad interim, and staffers of the Chinese Embassy in Pyongyang. The Beijing opera pieces staged by the Chinese artists were warmly received by the audiences. A basket of flowers was presented to the performers upon their successful performance. [Text] [Pyongyang KCNA in English 0806 GMT 23 Jul 79 SK]

POLISH ANNIVERSARY MARKED--Pyongyang July 20--A photo exhibition and a film show were held in Nakwon cinema house on July 19 under the sponsorship of the committee for cultural relations with foreign countries on the occasion of the 35th anniversary of the resurrection of Poland. Present there were Yi Hwa-son, O Mun-han and other personages concerned as well as working people in the city. Ambassador Jerzy Pekala and staffers of the embassy of the Polish People's Republic and cultural attaches of different embassies in Pyongyang were invited. Speeches were made at the opening ceremony of the photo exhibition. After seeing the photographs on display the attendants appreciated a Polish feature film. [Text] [Pyongyang KCNA in English 0812 GMT 20 Jul 79 SK]

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